

Please note: These transcripts are not individually reviewed and approved for accuracy.

BEFORE THE  
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

IN THE MATTER OF THE:                     )  
   )  
REGULAR MONTHLY BUSINESS                 )  
MEETING   )  
\_\_\_\_\_ )

DATE AND TIME:           THURSDAY, JUNE  
26, 1997  
                              9:30 A.M.

PLACE:                               PASADENA CITY  
HALL  
  
  COUNCIL  
  CHAMBERS, ROOM  
  247 100 NORTH  
  GARFIELD AVENUE  
  PASADENA,  
  CALIFORNIA

REPORTER:                           BETH C. DRAIN,  
RPR, CSR  
  
7152                                   CERTIFICATE NO.

BRS FILE NO.:           39658

APPEARANCES

MR. DANIEL G. PENNINGTON, CHAIRMAN  
MR. ROBERT C. FRAZEE, VICE CHAIRMAN  
MR. WESLEY CHESBRO, MEMBER  
MS. JANET GOTCH, MEMBER  
MR. STEVEN R. JONES, MEMBER  
MR. PAUL RELIS, MEMBER

STAFF PRESENT

MR. RALPH CHANDLER, CHIEF EXECUTIVE OFFICER  
MS. KATHRYN TOBIAS, LEGAL COUNSEL

MS. MARLENE KELLY, BOARD SECRETARY

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| I N D E X  |                |
|--|----------------|
|  | PAGE_NO. _____ |
| CALL TO ORDER  | 4              |
| EX PARTE COMMUNICATIONS  | 4              |
| ITEM 51: CONSIDERATION OF REVOCATION OF THE OXFORD TIRE<br>RECYCLING, INC., MAJOR WASTE TIRE FACILITY PERMIT,<br>STANISLAUS COUNTY |                |
| STAFF PRESENTATION   | 6              |
| PUBLIC TESTIMONY   | 17             |
| DISCUSSION   | 20             |
| ACTION   | 68             |
| ADJOURNMENT  | 68             |

1 PASADENA, CALIFORNIA; THURSDAY, JUNE 26, 1997

2 9:30 A.M.

3

4 CHAIRMAN PENNINGTON: GOOD MORNING AND  
5 WELCOME TO THE SECOND DAY OF THE CALIFORNIA  
6 INTEGRATED WASTE MANAGEMENT BOARD'S JUNE MEETING.  
7 WOULD THE SECRETARY CALL THE ROLL, PLEASE?

8 BOARD SECRETARY: BOARD MEMBER CHESBRO.

9 BOARD MEMBER CHESBRO: HERE.

10 BOARD SECRETARY: FRAZEE.

11 BOARD MEMBER FRAZEE: HERE.

12 BOARD SECRETARY: GOTCH.

13 BOARD MEMBER GOTCH: HERE.

14 BOARD SECRETARY: JONES.

15 BOARD MEMBER JONES: HERE.

16 BOARD SECRETARY: RELIS.

17 BOARD MEMBER RELIS: HERE.

18 BOARD SECRETARY: CHAIRMAN PENNINGTON.

19 CHAIRMAN PENNINGTON: HERE. WE HAVE A  
20 QUORUM PRESENT.

21 ANY EX PARTES? I'LL START WITH MR.  
22 CHESBRO.

23 BOARD MEMBER CHESBRO: WHOLE BUNCH OF  
24 WASTE HAULERS LAST NIGHT. I GOT SOME CARDS, BUT  
I  
25 DON'T KNOW IF I GOT ALL THEIR NAMES.

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1                   CHAIRMAN PENNINGTON:   MRS. GOTCH, SAME  
2   THING?

3                   BOARD MEMBER GOTCH:   SAME KIND OF THING.

4                   CHAIRMAN PENNINGTON:   MR. JONES.

5                   BOARD MEMBER JONES:   SAME THING.

6                   BOARD MEMBER FRAZEE:   SAME WITH ME.

7                   BOARD MEMBER CHESBRO:   I THINK THE MAIN  
8   THING THEY TALKED TO ME ABOUT IS HOW ARE WE GOING  
9   TO GET TO 50 PERCENT AND LET'S DO IT.

10                  CHAIRMAN PENNINGTON:   WE'LL ARRANGE TO  
11   GET THE GUEST LIST AND ENTER THAT INTO THE RECORD.

12                  THERE ARE SPEAKER REQUEST FORMS  
13   AVAILABLE TO THE LEFT OF THE DOOR AS YOU GO OUT,  
14   TO THE RIGHT OF THE DOOR AS YOU COME IN.   IF YOU  
15   WILL FILL THOSE OUT AND HAND IT TO MS. KELLY,  
16   SHE'LL BE HAPPY TO MAKE SURE THAT WE HEAR FROM  
17   YOU.

18                  THE BOARD WILL NOW HEAR AGENDA ITEM  
19   51, THE CONSIDERATION OF REVOCATION OF THE OXFORD  
20   TIRE RECYCLING MAJOR TIRE WASTE FACILITY PERMIT IN  
21   STANISLAUS COUNTY PURSUANT TO SECTION 42842 OF THE  
22   PUBLIC RESOURCES CODE UNDER SECTION 40411(A),  
23   WHICH REQUIRES AN AFFIRMATIVE VOTE OF AT LEAST  
24   FOUR MEMBERS OF THE BOARD.   THE FULL BOARD WILL  
25   SIT AS THE ENFORCEMENT AGENCY HEARING PANEL.

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1 MR. CHANDLER.

2 MR. CHANDLER: THANK YOU, MR. CHAIRMAN,  
3 AND GOOD MORNING, MEMBERS. I'D LIKE TO JUST  
4 PROVIDE A VERY BRIEF OVERVIEW OR INTRODUCTION, AND  
5 THEN I WILL CALL ON GARTH ADAMS OF OUR PERMITTING  
6 AND ENFORCEMENT DIVISION TO OPEN STAFF'S  
7 PRESENTATION.

8 I THINK THE REASON WE'RE HERE TODAY  
9 FROM MY PERSPECTIVE IS PREDICATED ON AN ACTION  
10 THAT OCCURRED EARLIER THIS MONTH. STAFF RECEIVED  
11 NOTICE OF NONRENEWAL FROM RELIANCE INSURANCE  
12 COMPANY OF ILLINOIS, THE INSURER PROVIDING OTR'S  
13 CLOSURE INSURANCE COVERAGE, JUNE 9TH OF 1997.

14 ON JUNE 12TH THE OPERATOR WAS  
15 NOTIFIED THAT FAILURE TO MAINTAIN ADEQUATE  
16 FINANCIAL ASSURANCES BY ALLOWING THE CLOSURE  
17 INSURANCE COVERAGE TO LAPSE WAS A VIOLATION OF 14  
18 CCR SECTION 18473.

19 I NOTIFIED YOUR OFFICE, MR.  
20 CHAIRMAN, THAT WE ONCE AGAIN HAD A LAPSE IN  
21 CLOSURE COVERAGE FOR THIS FACILITY. AND AT THAT  
22 JUNCTURE YOUR DECISION WAS TO AT LEAST NOTICE  
23 CONSIDERATION AND DISCUSSION OF THIS ISSUE AND  
24 POSSIBLE REVOCATION OF THE OXFORD TIRE RECYCLING  
25 INC. MAJOR WASTE TIRE FACILITY PERMIT INASMUCH  
AS



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1       THIS IS NOT THE FIRST TIME WE'VE SEEN A LAPSE IN  
2       COVERAGE AND FELT IT WAS A SERIOUS VIOLATION OF  
3       THE PERMIT CONDITIONS AS IT RELATES TO THE  
4       FINANCIAL ASSURANCES.

5                       WE HAVE SCRAMBLED OVER THE LAST  
6       SEVERAL DAYS TO PUT TOGETHER AN AGENDA ITEM.  IN  
7       REVIEWING IT, I THINK IT IS A GOOD, COMPLETE  
8       CHRONOLOGY OF ACTION SURROUNDING THIS PERMIT.  I  
9       THINK STAFF IS PREPARED TODAY TO GO THROUGH THE  
10      AGENDA ITEM WITH YOU AND, AGAIN, TO ANSWER ANY  
11      QUESTIONS YOU MAY HAVE.  I SEE MR. KIRKLAND IS  
12      HERE AS WELL SPEAK TO THE BOARD WITH REGARD TO HIS  
13      STATUS AROUND THESE ISSUES.

14                     SO WITH THAT OVERVIEW AND WITH THAT  
15      UNDERSTANDING AS TO WHY WE FELT THAT WE SHOULD  
16      HEAR THIS ITEM TODAY, THE NOTIFICATION FROM THE  
17      INSURANCE COMPANY, I'D LIKE TO CALL ON GARTH ADAMS  
18      TO BEGIN TO FILL IN THE ADDITIONAL DETAILS, GARTH,  
19      AS TO WHERE WE ARE TODAY AND REVIEW THE PERMIT  
20      STATUS, IF YOU WILL, FOR THE BOARD, AND WE CAN  
21      COMMENCE THE HEARING.  THANK YOU.

22                     CHAIRMAN PENNINGTON:  THANK YOU, MR.  
23      CHANDLER.  MR. ADAMS.

24                     MR. ADAMS:  MORNING, MR. CHAIRMAN,  
25      MEMBERS OF THE BOARD.  AS RALPH HAD INDICATED,  
MY

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1       NAME IS GARTH ADAMS, AND I WORK IN THE  
PERMITTING

2       AND ENFORCEMENT DIVISION.

3                       TODAY WE THOUGHT WE WOULD GO  
THROUGH

4       ITEM NO. 51 MUCH LIKE IT'S LAID OUT IN YOUR  
AGENDA

5       ITEM. ON PAGE NO. 5 OF YOUR ITEM, THERE'S AN  
6       ANALYSIS SECTION AS TO ITEMS THAT ARE IN  
7       COMPLIANCE OR OUT OF COMPLIANCE WITH THE TERMS  
AND

8       CONDITIONS OF THE PERMIT. AND WE WILL STEP  
9       THROUGH EACH ONE OF THOSE. AND AT YOUR  
PLEASURE,

10      WE CAN TAKE QUESTIONS AFTER EACH ONE, WAIT TILL  
11      THE END TO CHAT ABOUT THEM. YOUR CHOICE.

12                      WE'VE ALSO HANDED OUT A COUPLE OF  
13      GRAPHS TO YOU, AND I HOPE YOU EACH HAVE THOSE.  
WE

14      DIDN'T BRING THE DOG AND PONY SHOW PROJECTOR  
15      TODAY. I THINK THOSE TWO GRAPHS WILL BASICALLY  
16      TELL WHAT THE SITUATIONS ARE ON A COUPLE OF THE  
17      ITEMS.

18                      WE HAVE -- WE HAVE TODAY SUE  
19      HAPPERSBERGER FROM THE ENFORCEMENT BRANCH TO  
TALK

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20        ABOUT ISSUES THAT ARE RELATED TO THE ENFORCEMENT  
21        ISSUES RELATED TO THE PERMIT.    RICHARD CASTLE  
WILL  
22        RUN THROUGH THE FINANCIAL ASSURANCE ISSUES AND  
GO  
23        OVER THE CHARTS TO SHOW YOU THAT THE --  
BASICALLY  
24        THE TIRE PILE SIZE ISSUES AND WHAT'S GOING ON  
WITH  
25        THAT.

1                   AND I THINK WITH THAT, I THINK THE  
2       FIRST ONE UP IS THE CLEANUP AND ABATEMENT ORDER  
3       NO. 1 IN YOUR ITEM, AND IT HAS TO DO WITH  
4       ACCEPTING WASTE TIRES.   AND I THINK SUE WILL JUMP  
5       ON THAT ONE FOR YOU RIGHT NOW.

6                   MS. HAPPERSBERGER:   MR. CHAIRMAN,  
7       STARTING ON PAGE 3 OF YOUR ITEM, WE WILL WALK  
8       THROUGH THE POINTS OF THE CLEANUP AND ABATEMENT  
9       NO. 97-17.   NO. 1 IS THE ORDER TO CEASE ACCEPTING  
10      TIRES AT THE WASTE TIRE FACILITY.   TIRE  
11      ENFORCEMENT STAFF HAVE CONFIRMED THAT NO NEW  
TIRES  
12      HAVE BEEN DELIVERED TO THE FACILITY SINCE THE  
13      ISSUANCE OF THE APRIL 30TH, 1997, CLEANUP AND  
14      ABATEMENT ORDER.

15                  MR. CASTLE:   IF THIS GETS CONFUSING,  
JUST  
16      TELL US AND WE'LL STOP AND ONE OF US WILL STAND  
UP  
17      HERE.   MY NAME IS RICHARD CASTLE FROM THE  
18      FINANCIAL ASSURANCES SECTION.

19                  THE NEXT ITEM WAS ITEM A UNDER THE  
20      CLEANUP AND ABATEMENT ORDER, SO NO. 1(A), AND  
THAT  
21      WAS REGARDING REMOVAL OF 7500 TONS OF WASTE TIRES

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22 OR TIRE EQUIVALENTS THAT WAS SUPPOSED TO HAVE  
BEEN

23 COMPLETED BEFORE APRIL 1ST OF THIS YEAR. IF YOU

24 LOOK AT THE CHART LABELED CHART 1 -- WE PUT THESE

25 TOGETHER YESTERDAY -- YOU WILL SEE THAT WE'VE

1 GOTTEN ABOUT 2,000 TONS REMOVED NOW. IT'S 2,059  
2 OR THEREABOUTS TOWARD THE 7500 TONS. AND THIS IS  
3 FROM WHEN THE PERMIT WAS ORIGINALLY ISSUED LAST  
4 YEAR. SO THE PILE IS FINALLY MAKING SOME PROGRESS  
5 TOWARD A REASONABLE REDUCTION.

6 IF YOU LOOK AT THE CHART, YOU WILL  
7 SEE THAT EACH TIME THAT IT CHANGES RECENTLY AND  
8 HEADS BACK DOWN TO WHERE IT'S NOT GOING IN THE  
9 RIGHT DIRECTION HERE, THAT'S BECAUSE OF THE TIRES  
10 THAT HAVE BEEN MOVED BACK ONTO THE PILE FROM MR.  
11 PHILBIN'S AREA. AND IT'S OUR UNDERSTANDING NOW  
12 THAT ALL THOSE TIRES ARE WITHIN THE PILE.

THEY'VE

13 ALL BEEN MOVED DOWN.

14 MS. HAPPERSBERGER: THE NEXT POINT --

15 CHAIRMAN PENNINGTON: EXCUSE ME. LET ME  
16 ASK. IF I UNDERSTAND, THOUGH, THERE IS 2,000  
17 TONS, AND THE GOAL WAS 7500.

18 MR. CASTLE: THAT'S CORRECT.

19 CHAIRMAN PENNINGTON: SO THEY'RE SHORT  
20 3400, 3500?

21 MR. CASTLE: NO, THEY'RE SHORT 5500.

22 ACTUALLY THEY'RE SHORT MORE THAN THAT NOW BECAUSE  
23 WE'RE INTO THE NEW YEAR. WE'LL GET INTO THAT IN

A

24 LITTLE BIT.



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MS. HAPBERSBERGER: CLEANUP AND  
ABATEMENT

1 ORDER NO. 1(B) REQUIRED THE REMOVAL OF OVERSIZE  
2 TIRES WHICH WERE ACCEPTED SINCE APRIL OF '96.

THE

3 OPERATOR HAS NOT COMPLETED THE REMOVAL OF  
OVERSIZE

4 TIRES WHICH WERE ACCEPTED AT OTR SINCE APRIL OF  
5 '96 AND WHICH COULD NOT BE BURNED TO AN APPROVED  
6 LOCATION. SINCE APRIL '96, OTR HAS INDICATED

THAT

7 341 TONS OF OVERSIZE TIRES HAVE BEEN ACCEPTED,

191

8 TONS REMOVED, LEAVING 150 TONS REMAINING.

9 MR. CASTLE: CLEANUP AND ABATEMENT ORDER  
10 NO. 1(C) WAS REQUIRING THEM TO SUBMIT AN  
11 ACCEPTABLE PLAN ADDRESSING THE DISPOSITION OF THE  
12 WASTE TIRES THAT WERE EXPECTED TO REMAIN ON THE  
13 PILE FROM SEPTEMBER 1ST OF THIS YEAR. THE  
14 OPERATOR HAS NOT SUBMITTED A NEW PLAN, NOR THE  
15 ATTACHED FINANCIAL ASSURANCE DEMONSTRATION  
16 ADDRESSING THE DISPOSITION OF WASTE TIRES

EXPECTED

17 TO REMAIN ON SITE SEPTEMBER 1ST.

18 THE OPERATOR HAD SUBMITTED A PLAN  
TO

19 CREATE A WASTE TIRE MONOFILL ON SITE WHERE THE  
20 WASTE TIRES EXPECT TO REMAIN. THAT WAS PRIOR --

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A

21 COUPLE MONTHS AGO WE DID RECEIVE THAT. THE  
22 INCLUDED ADJUSTMENT TO THE FINANCIAL ASSURANCES  
23 UNDER THAT MONOFILL PLAN KEPT THE FINANCIAL  
24 ASSURANCE MECHANISM WITHIN THE CURRENT 1.3

MILLION

25 CLOSURE COST ESTIMATE; HOWEVER, NEITHER THE PLAN

1 FOR THE MONOFILL NOR THE ASSOCIATED COST ESTIMATE  
2 HAVE BEEN APPROVED OR FOUND ACCEPTABLE BY THE  
3 BOARD. SO THEY'RE STILL NOT IN COMPLIANCE WITH  
4 WHAT WE CONSIDER THE SUBMISSION OF AN ACCEPTABLE  
5 PLAN.

6 THE NEXT ITEM IS UNDER THE CLEANUP  
7 AND ABATEMENT ORDER, AND IT WAS ITEM NO. 2 FROM  
8 THE ORDER, THE REMOVAL OF WASTE TIRES PURSUANT TO  
9 PERMIT CONDITION 11. IF YOU LOOK AT CHART 2, YOU  
10 WILL SEE THERE'S TWO LINES. THE TOP LINE IS WHERE  
11 THEY SHOULD HAVE REMOVED THE 7500. IT KIND OF  
12 GOES FLAT ALONG THE TOP, AND THEN IT CURVES UP.  
13 AND THAT CURVE IS SUPPOSED TO START APRIL 1ST OR  
14 MARCH 31ST. THAT'S WHEN THEY BEGAN THE NEW YEAR,  
15 AND THE CLEANUP AND ABATEMENT ORDER PUT THEM UNDER  
16 A 1,042 TON PER MONTH REDUCTION IN THE PILE. SO  
17 THEIR GOAL IS MOVING AHEAD OF THEM AS THEY TRY TO  
18 REMOVE TIRES FROM THE PILE.

19 THE BOTTOM LINE IS THE SAME LINE  
20 FROM THE CHART BEFORE, SHOWING THEIR PROGRESS  
21 TOWARD THEIR GOAL. AND THE OPERATOR HAS NOT  
22 ACHIEVED COMPLIANCE WITH REMOVAL OF THE 1,042 TONS  
23 OF WASTE TIRES PER MONTH.

24 IF YOU HAVE ANYTHING ELSE, WE CAN  
25 DISCUSS THAT MORE IF YOU HAVE ANY QUESTIONS  
ABOUT

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1        THAT.  HE IS FINALLY MAKING SOME PROGRESS TOWARD  
2        REDUCTION, BUT HE'S GOT QUITE A WAYS TO GO YET.

3                CHAIRMAN PENNINGTON:  WOULD YOU  
4        CHARACTERIZE HOW BIG IS THE GAP NOW BETWEEN WHAT  
5        WAS AGREED UPON AND WHERE --

6                MR. CASTLE:  THE GAP AT THIS POINT,  
7        BECAUSE OF THE 1,042 PER MONTH, IS THAT HE  
8        NEEDS -- WE'RE AT -- HE SHOULD HAVE REDUCED 9,584  
9        OR THEREABOUTS TONS.  WE'RE GETTING PRETTY  
10       TECHNICAL.  SO ALMOST 9600 TONS SHOULD HAVE BEEN  
11       REMOVED; AND, AGAIN, THE TONNAGE REMOVED IS JUST  
12       OVER 2,000 TONS.

13               MS. HAPPERSBERGER:  CLEANUP AND ABATEMENT  
14       ORDER NO. 3 REQUIRED REMOVAL OF ANY OBSTRUCTION ON  
15       ANY ACCESS ROAD ON A DAILY BASIS.  THE PHILBIN  
16       WASTE TIRE PILE, THE ADJACENT PILE, WAS RELOCATED  
17       ONTO THE OTR SITE.  AND THE OPERATOR HAS SHOWN  
18       COMPLIANCE WITH THE REQUIREMENT TO CLEAR AND  
19       MAINTAIN THE ACCESS ROADS WITHIN THE WASTE TIRE  
20       FACILITY.

21               MR. CASTLE:  THE FIRST ITEM OF AMENDMENT  
22       NO. 1 TO THE CLEANUP AND ABATEMENT ORDER REGARDED  
23       ADEQUATELY FUNDING THE CLOSURE TRUST ACCOUNT.  AT  
24       THIS TIME THE CLOSURE FUND SHOULD BE AT \$270,000  
25       OR MORE.  AND I CALLED THE BANK THIS MORNING

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1       BEFORE THE MEETING.  THEY REMAIN AT ABOUT 230.  IT  
2       WAS 232,006 AND CHANGE.  THEY HAVEN'T MADE THE  
3       LAST COUPLE OF DEPOSITS.  THAT'S IT ON THE CLOSURE  
4       TRUST.

5                       NEXT ITEM WAS ITEM NO. 2 ON THAT  
6       SAME AMENDMENT TO THE ORDER, AND THAT WAS TO  
7       REDUCE THE SITE CAPACITY TO NO MORE THAN 65,000  
8       TONS.  THE PERMIT REQUIRES THAT THE TOTAL CAPACITY  
9       OF THE SITE RATCHET DOWN EVERY YEAR, AND THAT THAT  
10      VALUE OF 65,000 TONS, THE OPERATOR IS WITHIN THE  
11      65,000-TON LIMIT NOW.  SO THEY'RE IN COMPLIANCE  
12      WITH THAT ITEM.

13                     AS MR. CHANDLER IDENTIFIED, WE  
14      RECEIVED A NOTICE OF CANCELLATION ON THE INSURANCE  
15      POLICY PROVIDING A PORTION OF THE FINANCIAL  
16      DEMONSTRATION FOR CLOSURE.  WE HAD A SECOND  
17      AMENDMENT TO THE CLEANUP AND ABATEMENT ORDER THAT  
18      CONTAINED ONE ITEM, TO PROVIDE COMPLETE AND  
19      ACCEPTABLE FINANCIAL ASSURANCES FOR CLOSURE.  AT  
20      THIS TIME THE OPERATOR HAS NOT PROVIDED COMPLETE  
21      FINANCIAL ASSURANCES FOR CLOSURE OF THE WASTE TIRE  
22      FACILITY DUE TO THE NONRENEWAL OF THE INSURANCE  
23      POLICY AND THE LACK OF DEPOSITS TO THE CLOSURE  
24      TRUST FUND.

25                     WE HAVE, UNDER THE CERTIFICATE OF



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1 CLOSURE INSURANCE THAT WE WERE PROVIDED LAST YEAR  
2 WHEN WE ACCEPTED IT, THE INSURER ESTABLISHING THE  
3 COVERAGE IDENTIFIED, THAT THE BOARD WILL ALWAYS  
4 HAVE AT LEAST 120 DAYS FROM THE DATE OF RECEIPT  
OF  
5 SUCH NOTICE OF NONRENEWAL BEFORE THE POLICY  
6 ACTUALLY EXPIRES. THAT DATE COMES AROUND OCTOBER  
7 7TH OF THIS YEAR. SO WE HAVE THIS WINDOW AT THIS  
8 POINT OF 120 DAYS BEGINNING JUNE 9TH, ENDING  
9 OCTOBER 7TH, THAT UNDER THE CERTIFICATE WE STILL  
10 DO HAVE COVERAGE.

11 THERE'S A NUMBER OF THINGS THAT THE  
12 BOARD CAN DO DURING THAT TIME TO STOP THE CLOCK.  
13 THE TERMS OF THE CLOSURE INSURANCE COVERAGE  
14 IDENTIFIED THAT THE CANCELLATION, TERMINATION, OR  
15 FAILURE TO RENEW WILL NOT OCCUR AND THE POLICY  
16 WILL REMAIN IN FULL FORCE AND EFFECT IN THE EVENT  
17 THAT ON OR BEFORE THE DATE OF EXPIRATION, WHICH  
18 WOULD BE OCTOBER 7TH, THE BOARD DEEMS THE  
FACILITY

19 ABANDONED, WHICH I DON'T BELIEVE MR. KIRKLAND HAS  
20 ABANDONED IT, THE PERMIT IS TERMINATED OR REVOKED  
21 OR A NEW PERMIT IS DENIED BY THE BOARD OR CLOSURE  
22 IS ORDERED BY THE BOARD OR ANY OTHER STATE OR  
23 FEDERAL AGENCY, OR THE OPERATOR IS NAMED AS A  
24 DEBTOR IN A VOLUNTARY OR INVOLUNTARY BANKRUPTCY -

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-

25       AND ALL THESE ARE ORS.   ANY ONE OF THEM CAN DO

1 IT -- THE PREMIUM DUE IS PAID.

2 SO WE HAVE THOSE FIVE THINGS. FOUR  
3 OF THEM ARE BOARD ACTIONS. BASICALLY ONE IS MR.  
4 KIRKLAND PAYS HIS PREMIUM.

5 FINALLY, STAFF REVIEW OF THE LACK OF  
6 COMPLIANCE WITH THE ABOVE REGULATORY REQUIREMENTS  
7 BY THE OPERATOR, OXFORD TIRE RECYCLING FACILITY,  
8 INDICATES THAT THERE IS A PATTERN OF NONCOMPLIANCE  
9 AT THIS FACILITY PRIMARILY ON THE FINANCIAL  
10 ASSURANCE DEMONSTRATIONS AND ON THE -- ALTHOUGH  
11 THEY'RE WORKING TOWARD THE REDUCTION IN TIRES ON  
12 SITE, THE TONS OF TIRES, THEY'RE STILL NOT IN  
13 COMPLIANCE WITH THAT.

14 THERE'S SOME OPTIONS FOR THE BOARD  
15 THAT ARE IN THE ITEM, AND STAFF REALLY DOES NOT  
16 HAVE A RECOMMENDATION AT THIS POINT. WE REALIZE  
17 YOU'RE HERE TO HEAR WHAT MR. KIRKLAND HAS TO SAY  
18 ALSO. I KNOW HIS INSURANCE BROKER IS HERE. WE  
19 HAVEN'T SEEN ANYTHING FROM HIM AT THIS POINT, BUT  
20 THE INDICATION WE HAD PRIOR TO THE MEETING WAS  
21 THAT HE'S PROBABLY GOT SOMETHING TO PRESENT TO YOU  
22 REGARDING THE INSURANCE COVERAGE.

23 DO YOU HAVE ANY QUESTIONS?

24 CHAIRMAN PENNINGTON: QUESTIONS OF MR.  
25 CASTLE? THANK YOU. DOES THAT COMPLETE THE  
STAFF

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1 REPORT, MR. CHANDLER?

2 MR. CHANDLER: OBVIOUSLY STAFF WILL  
BE

3 AVAILABLE TO ANSWER QUESTIONS AS WE GET INTO  
MORE

4 OF THE SPECIFICS, BUT I BELIEVE THAT DOES  
COMPLETE

5 STAFF'S OVERVIEW OF THE STATUS OF THE PERMIT  
AT

6 THIS TIME.

7 CHAIRMAN PENNINGTON: OKAY. NOW WE'D  
8 LIKE TO HEAR FROM THE OPERATOR, MR. KIRKLAND.

9 MR. KIRKLAND: MR. CHAIRMAN AND  
MEMBERS

10 OF THE BOARD, THANKS FOR LISTENING TO ME THIS  
11 MORNING. I HOPE YOU WILL INDULGE ME FOR A  
MOMENT

12 WHILE I BRIEFLY RECAP SOME OF MY EXPERIENCES  
WITH

13 THE OXFORD TIRE RECYCLING. I PURCHASED IT TWO  
14 YEARS AGO THIS JULY, SO I'VE HAD IT JUST SHORT  
OF

15 TWO YEARS.

16 AT THE TIME OF THE PURCHASE, I  
HAD A

17 REDUCTION REQUIREMENT PLACED UPON ME BY

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STANISLAUS

18 COUNTY THAT REQUIRED THE ELIMINATION OF THE  
TIRE

19 PILE BY THE YEAR 2015. I THOUGHT THAT WAS AN  
20 ACHIEVABLE DEADLINE FOR REDUCING THE PILE.

THEN

21 WE AGGRESSIVELY PURSUED THE MAJOR WASTE TIRE  
22 FACILITY PERMIT, AND WE WERE THE FIRST IN THE  
23 STATE TO -- THE FIRST PRIVATE OPERATOR TO  
ACTUALLY

24 GET A PERMIT.

25 AND THE TERMS OF THIS PERMIT  
WERE TO

1 ELIMINATE THE PILE BY THE YEAR 2000, WHICH PUT  
2 QUITE A BIT MORE PRESSURE ON US THAN HAD BEEN  
3 THERE PREVIOUSLY.

4 A YEAR AGO THIS JULY I APPROACHED  
5 THE BOARD WITH A RECOMMENDATION THAT WE HAD A  
6 YEAR. THE TIME WAS -- THE CLOCK WAS TICKING ON  
7 THE MELP FACILITY. WE DID NOT KNOW WHAT THE  
8 LONGEVITY OF THE FACILITY WOULD BE; THEREFORE, IF  
9 WE COULD WORK TOGETHER IN THIS YEAR TO TRY AND  
10 ELIMINATE THE PILE IN THAT TIME FRAME. AND WE  
11 NEVER CAME TO ANY TYPE OF AN ARRANGEMENT ON THAT.

12 AS OF APRIL WE RECEIVED A CEASE AND  
13 DESIST ORDER. WE STOPPED ALL DELIVERIES OF TIRES  
14 TO THE FACILITY IN WESTLEY. AND AT THAT TIME IT  
15 WAS MY UNDERSTANDING THAT WE WERE WORKING WITH  
16 BOARD, MEMBERS OF THE STAFF, AND PEAT MARWICK  
17 TOWARD SOME TYPE OF FINANCIAL RESOLUTION TO ABATE  
18 THE PILE.

19 AND WHAT I HEARD AT THAT MEETING,  
20 OUR LAST MEETING WHEN I WAS BEFORE YOU IN APRIL,  
21 WAS THAT THE STAFF WAS DIRECTED TO LET'S HURRY AND  
22 GET THIS DONE WITH MELP AND OXFORD AND THE STATE.  
23 AT THAT TIME WE DECIDED THAT HAVING AN AGREEMENT  
24 SUCH AS THAT IN HAND WE WOULD BE ABLE TO  
25 RENEGOTIATE THE TERMS OF OUR FINANCIAL CLOSURE



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1 POLICY WITH OUR INSURANCE COMPANY AND GET A MORE  
2 FAVORABLE TERM OR MORE FAVORABLE RATE AND  
3 CONDITIONS ON OUR FINANCIAL ASSURANCE. WE DIDN'T  
4 ANTICIPATE THE PROCESS OF COMING UP WITH SOME TYPE  
5 OF ARRANGEMENT WITH MELP AND OURSELVES LASTING  
6 THIS LONG; THEREFORE, THE POLICY DID LAPSE.

7 HOWEVER, WE HAVE RENEWED THAT  
8 POLICY. WE'VE INCREASED THE AMOUNT OF THAT POLICY  
9 TO A \$1,070,000.

10 AND MAYBE I COULD ADDRESS A COUPLE  
11 OF THE OTHER ITEMS THAT WE WENT OVER HERE. AS FAR  
12 AS REMOVAL OF THE LARGE OVERSIZE TIRES, THERE'RE  
13 ABOUT TEN TRUCKLOADS OF THESE TIRES THAT NEED TO  
14 BE REMOVED. AND WE'VE MADE ARRANGEMENTS WITH AN  
15 OPERATOR WHO WOULD LIKE TO REMOVE THOSE. I COULD  
16 REVEAL THAT TO YOU. I'D BE HAPPY TO TELL YOU WHO  
17 THAT IS, BUT NOT IN A PUBLIC SETTING, BUT THEY'RE  
18 WELL KNOWN TO THE WASTE BOARD.

19 LET'S SEE. I DON'T KNOW IF YOU'D  
20 LIKE TO TALK TO OUR INSURANCE BROKER TO VERIFY  
21 WHAT WE'VE DONE TO RECTIFY THE FINANCIAL ASSURANCE  
22 SITUATION OR NOT. IF YOU WOULD, HE'S AVAILABLE.  
23 BUT...

24 CHAIRMAN PENNINGTON: WE CERTAINLY HAVE A  
25 LETTER, IF THAT'S THE SAME INSURANCE BROKER, FROM

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1 WESTERN TRUCK INSURANCE, WHICH DOESN'T REALLY TELL  
2 US THAT MUCH. IT SAYS IF YOU PAY, IT WILL DO  
3 CERTAIN THINGS, BUT IT DOESN'T INDICATE THAT  
4 YOU'VE PAID. SO MAYBE THAT SHOULD BE CLARIFIED.

5 MR. HOLZMAN: GOOD MORNING. MY NAME IS  
6 BOB HOLZMAN. I'M PRESIDENT OF WESTERN TRUCK  
7 INSURANCE. AND YESTERDAY WE RECEIVED A DOWN  
8 PAYMENT CHECK FROM OXFORD FOR THE RENEWAL OF HIS  
9 POLICY. AND WE ARE IN PROCESS OF TAKING CARE OF  
10 THAT TODAY. SO PRESUMABLY WE WILL HAVE YOU A  
11 CERTIFICATE OF INSURANCE OF RENEWAL OF THIS POLICY  
12 THIS AFTERNOON.

13 BOARD MEMBER JONES: ASK A QUESTION, MR.  
14 PENNINGTON.

15 CHAIRMAN PENNINGTON: YES, MR. JONES.

16 BOARD MEMBER JONES: IF UNDER THE -- HE  
17 HAD A \$500,000 INSURANCE POLICY OR WHATEVER THE  
18 NUMBER WAS

19 MR. HOLZMAN: ACTUALLY IT WAS ONE MILLION  
20 THREE.

21 BOARD MEMBER JONES: WELL, NO, THAT'S  
22 WHAT YOU HAVE NOW. THE INSURANCE THAT WAS -- THAT  
23 WENT INTO A LAPSE, IF THAT INSURANCE HAD BEEN PAID  
24 ON TIME AND HE WANTED TO INCREASE THE INSURANCE TO  
25 A MILLION SEVEN, WOULD THERE HAVE BEEN ANY

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1 PENALTY? WOULD HE HAVE LOST ANY MONEY? YOU KNOW,  
2 IF HE WAS THINKING THAT HE WANTED TO ABANDON THE  
3 \$500,000 AND GO TO THE MILLION SEVENTY-THREE OR  
4 WHATEVER THE NUMBER IS, IF HE HAD PAID THE PREMIUM  
5 PAYMENTS ON THE 500, WOULD YOU HAVE ROLLED THOSE  
6 PAYMENTS TOWARDS THE MILLION THREE? THERE  
7 WOULDN'T HAVE BEEN A LOSS, OR WOULD THERE HAVE  
8 BEEN A LOSS?

9 MR. HOLZMAN: IF THE INSURANCE AT THAT  
10 POINT IN TIME WOULD HAVE ACCEPTED TO INCREASE IT  
11 FROM FIVE HUNDRED TO A MILLION, THEY WOULD HAVE  
12 JUST BILLED HIM ADDITIONAL PREMIUMS FOR THE  
13 INCREASE. THE QUESTION WAS WOULD THEY HAVE DONE  
14 THAT AT THAT TIME.

15 THE TERMS THAT THEY HAD OFFERED US  
16 BACK IN MARCH WERE PRETTY STAGGERING ACTUALLY, AND  
17 WE WERE EXPLORING OTHER ALTERNATIVES WITH  
18 DIFFERENT INSURANCE CARRIERS TO TRY AND MAKE IT  
19 MORE ECONOMICALLY FEASIBLE.

20 NOW, THIS PERIOD OF TIME THAT'S GONE  
21 BY HAS ACTUALLY PUT PRESSURE ON THE INSURANCE  
22 COMPANY TO GIVE HIM MORE FAVORABLE TERMS, WHICH  
23 THEY'VE DONE.

24 BOARD MEMBER JONES: IF YOU WERE SHOPPING  
25 IT OUT AND THE INSURANCE PREMIUM PAYMENT WAS -- I

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1       DON'T KNOW THE FINANCIAL ARRANGEMENT.  I DON'T  
2       KNOW WHAT THE PAYMENT SCHEDULE IS.  I'M NOT SURE I  
3       WANT TO KNOW WHAT THE PAYMENT SCHEDULE IS.  BUT IF  
4       THAT PAYMENT WAS MADE AND YOU AS HIS BROKER FOUND  
5       ANOTHER OUTLET TO SUPPLY MORE INSURANCE, HE WOULD  
6       HAVE RECEIVED EITHER CREDIT OR HIS -- THAT  
7       INSURANCE POLICY WOULD HAVE STAYED IN EFFECT UNTIL  
8       THAT PAYMENT HAD RUN OUT, RIGHT?

9               MR. HOLZMAN:  CORRECT.

10              BOARD MEMBER JONES:  SO I THINK WHAT I  
11      HAVE A MAJOR CONCERN ABOUT IS THAT THAT INSURANCE  
12      POLICY, I THINK THAT THERE ARE ENOUGH  
13      ADMINISTRATIVE AVENUES THAT YOU AS HIS INSURANCE  
14      BROKER, MR. KIRKLAND AS THE OPERATOR, COULD HAVE  
15      GONE DOWN TO KEEP THAT POLICY INTACT WITHOUT IT  
16      BEING A FINANCIAL HARDSHIP BECAUSE THERE WOULD  
17      HAVE BEEN A WAY TO EITHER MOVE THAT PAYMENT  
18      TOWARDS THE BIGGER INSURANCE POLICY WITHOUT  
19      LOSING  
20      ANYTHING IF IT WAS WITH THE SAME FIRM OR AT  
21      LEAST  
22      GET CREDIT -- YOU KNOW, ONLY COVER THE  
23      INSURANCE

24      THROUGH THE PERIOD OF TIME THAT THAT PAYMENT  
25      WAS

26      FOR.  AND THAT'S VERY, VERY -- YOU KNOW, THAT



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HAS

23 MY ANTENNA UP QUITE A BIT.

24 MR. HOLZMAN: I UNDERSTAND.

25 BOARD MEMBER JONES: WOULD -- AS PART  
OF

1 DUE DILIGENCE ON THE PART OF MR. KIRKLAND AND I  
2 THINK ON THE PART OF THIS BOARD, THE INSURANCE  
3 COMPANY THAT'S WILLING TO WRITE THIS MILLION  
4 WHATEVER, WHATEVER THE NUMBER IS, WHAT IS THE  
5 NUMBER? MILLION THREE?

6 MR. KIRKLAND: 1,070,000.

7 BOARD MEMBER JONES: 1,070,000. ARE THEY  
8 AWARE THAT THIS PROCESS IS GOING ON RIGHT NOW,  
9 THAT THERE'S A POTENTIAL TO REVOKE THE PERMIT?

10 MR. HOLZMAN: YES, THEY ARE.

11 BOARD MEMBER JONES: ARE THEY AWARE --

12 MR. HOLZMAN: YES, THEY ARE.

13 BOARD MEMBER JONES: I MEAN WE ARE IN A  
14 POSITION WHERE, YOU KNOW, WE HAVE TO MAKE SURE  
15 THAT, YOU KNOW, ONE INSURANCE IS IN PLACE RIGHT  
16 NOW THAT WOULD COVER CLOSURE, PART OF CLOSURE.  
17 ARE WE -- YOU KNOW, WHAT HAPPENS -- DOES THIS FIRM  
18 FEEL COMFORTABLE ENOUGH THAT THEY'RE GOING TO DO A  
19 \$1,070,000 AND COULD -- AND THIS PERMIT COULD BE  
20 REVOKED AND THEY'RE GOING TO BE ON THE HOOK FOR A  
21 \$1,070,000? ARE THEY COMFORTABLE WITH THAT?

22 MR. HOLZMAN: I'M SURE NOT COMFORTABLE  
23 WITH IT. THEY UNDERSTAND THE POSITION THEY'RE IN  
24 AT THIS POINT.

25 BOARD MEMBER JONES: THEY DO UNDERSTAND.

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1 THE DILIGENCE HAS BEEN DONE.

2 MR. HOLZMAN: ABSOLUTELY. AND THAT'S WHY  
3 WE'VE BEEN ABLE TO NEGOTIATE A LITTLE BIT BETTER  
4 TERMS WITH THEM AT THIS POINT. ACTUALLY, TO BE  
5 HONEST WITH YOU, THE FACT THAT IT DID NOT RENEW  
6 WHEN IT SHOULD HAVE RENEWED WAS TO THE BENEFIT OF  
7 OXFORD IN TERMS OF THEIR PRICING AND THEIR  
8 NEGOTIATING POWER BECAUSE AT THAT POINT THE  
9 INSURANCE COMPANY SEES A BURNING HOUSE. AND THE  
10 TERMS THAT THEY HAD OFFERED HIM, I PERSONALLY  
11 THOUGHT WERE REALLY, REALLY QUITE UNUSUAL. THEY  
12 WERE VERY HARSH, AND THAT'S WHAT FORCED US TO GO  
13 OUT AND START LOOKING FOR OTHER ALTERNATIVES.

14 THE FACT THAT THEY ARE NOW ON THE  
15 HOOK AND ARE SITTING THERE THINKING, WHOA, WE  
16 BETTER DO SOMETHING, THEY'RE MORE APT TO NEGOTIATE  
17 AND KEEP THIS THING MOVING IN A POSITIVE MANNER.  
18 THEY'VE REDUCED THE DEDUCTIBLE BY 250 PERCENT. IT  
19 WAS A \$250,000 DEDUCTIBLE. THEY BROUGHT IT DOWN  
20 TO A HUNDRED, WHICH WAS MY ORIGINAL OFFER TO THEM.  
21 HEY, YOU KNOW, BRING THIS DEDUCTIBLE DOWN, BRING  
22 SOME OF THE TERM RATES DOWN. THEY'VE DONE ALL  
23 THAT NOW SO THAT IT IS NOW A MORE FEASIBLE POLICY,  
24 MAKES MORE SENSE ON THE BUSINESS SIDE. THE RATES  
25 WERE QUITE STAGGERING WHEN WE FIRST STARTED IT.

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1 THE POINT WE'RE AT NOW, THERE'S NOT A WHOLE LOT OF  
2 INSURANCE COMPANIES THAT ARE GOING TO WANT TO COME  
3 INTO IT, TO BE FRANK WITH YOU.

4 CHAIRMAN PENNINGTON: I WOULD THINK  
5 THAT'S PROBABLY TRUE.

6 BOARD MEMBER JONES: I APPRECIATE THAT.  
7 I APPRECIATE THAT.

8 MR. HOLZMAN: SO WE'RE REALLY DEALING  
9 WITH ONE INSURANCE COMPANY. THAT'S WHERE WE'RE  
10 AT. AND THEY'VE EXPRESSED INTEREST IN RENEWING.  
11 THEY UNDERSTAND THAT IT'S IN THEIR BEST INTEREST  
12 TO RENEW IT AND KEEP THINGS MOVING ON A FORWARD  
13 BASIS.

14 CHAIRMAN PENNINGTON: IN OTHER WORDS, IF  
15 HE CAN CONVINCE US NOT TO PULL THE PERMIT,  
THEY'RE

16 BETTER OFF TO KEEP IT GOING IF THAT ADDITIONAL  
17 INSURANCE WOULD CONVINCE US.

18 MR. HOLZMAN: ABSOLUTELY.

19 CHAIRMAN PENNINGTON: MR. CHESBRO.

20 OH, I'M SORRY. WERE YOU THROUGH?

21 BOARD MEMBER JONES: I'LL JUST WAIT.

22 BOARD MEMBER CHESBRO: WELL, YOU MADE  
23 REFERENCE TO A DOWN PAYMENT. AND I'M JUST  
CURIOUS

24 HOW MUCH TIME IN TERMS OF INSURANCE COVERAGE

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THAT

25 BUYS BEFORE AN ADDITIONAL PAYMENT IS REQUIRED.

I

1       MEAN ARE WE GOING TO HAVE TO, LIKE, CHECK EVERY  
2       MONTH TO FIND OUT IF A MONTHLY PAYMENT HAS BEEN  
3       MADE? IS THE INSURANCE IS STILL IN PLACE?

4               MR. HOLZMAN: THIS IS -- WELL, THE  
5       PREMIUM IS ACTUALLY RUNNING FROM MARCH TO MARCH,  
6       SO THERE WON'T BE ANY LAPSE ON THIS RENEWAL.

7               BOARD MEMBER CHESBRO: THAT'S PURCHASED  
8       BY MAKING A DOWN PAYMENT?

9               MR. HOLZMAN: RIGHT, EXACTLY. AND THEN  
10      THERE'LL BE --

11              BOARD MEMBER CHESBRO: WON'T BE CANCELED  
12      IF PAYMENTS WERE MISSED?

13              MR. HOLZMAN: WELL, YES, IT WOULD. WE  
14      WOULD BE BACK IN THE SAME POSITION WE ARE TODAY IF  
15      THREE MONTHS FROM NOW PAYMENTS WEREN'T MADE AND  
16      YOU GOT ANOTHER NOTICE FROM THE INSURANCE COMPANY  
17      SAYING THAT YOU'VE GOT 120 DAYS TO DO SO.

18              BOARD MEMBER CHESBRO: PAYMENTS ARE DUE  
19      EVERY THREE MONTHS.

20              MR. HOLZMAN: EVERY MONTH.

21              BOARD MEMBER CHESBRO: EVERY THREE  
22      MONTHS. THANKS.

23              CHAIRMAN PENNINGTON: MR. RELIS.

24              BOARD MEMBER RELIS: SO PAYMENTS MADE  
25      EVERY MONTH AND THERE'S ALWAYS 120-DAY LEAD-TIME



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1       BEFORE ACTUAL CANCELLATION --

2               MR. HOLZMAN:   CORRECT.

3               BOARD MEMBER RELIS:   -- WOULD OCCUR.

4       THAT'S MORE OR LESS -- I DON'T KNOW.   SOME PEOPLE  
5       PAY THEIR INSURANCE QUARTERLY.   I MEAN I DO.

6               MR. HOLZMAN:   CERTAINLY THERE'S  
7       SUFFICIENT TIME TO ADVANCE NOTICE FOR YOU GUYS TO  
8       DO WHAT YOU NEED TO DO.

9               BOARD MEMBER JONES:   I THINK THAT'S A KEY  
10      PHRASE, SUFFICIENT TIME FOR US TO DO WHAT WE NEED  
11      TO DO, BECAUSE WE HAVE BEEN GIVEN NOTICE BY THE  
12      INSURANCE COMPANY THAT THIS IS GOING TO -- YOU  
13      KNOW, THAT THAT \$500,000 POLICY, WHATEVER THE  
14      NUMBER IS, HASN'T BEEN RENEWED, SO WE HAVE A 120  
15      DAYS TO ACT ON THAT.

16              MR. HOLZMAN:   CORRECT.

17              BOARD MEMBER JONES:   THE DECISION TO GET  
18      A BETTER RATE IS A BUSINESS DECISION, AND EVERY  
19      BUSINESSMAN HAS THAT RIGHT TO DO THAT.   BUT IN SAN  
20      BERNARDINO MR. KIRKLAND TOLD US HE WOULD COMPLY  
21      WITH THIS ORDER.   AND PART OF THIS ORDER WAS THAT  
22      HE WAS TO KEEP THE TRUST -- YOU KNOW, ALL THE  
23      TRUST FUNDS AND FINANCIAL ASSURANCES IN PLACE.

24              THE -- WE'VE GOT A SHORTFALL ON THE  
25      CASH TRUST FUND THAT'S SUPPOSED TO BE FUNDED AT

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1       270,000 AND IT'S FUNDED AT 232,000 RIGHT NOW. AND  
2       WE HAVE AN INSURANCE POLICY THAT WE HAVE 120 DAYS  
3       TO PULL THE TRIGGER ON, OTHERWISE THE PEOPLE OF  
4       THE STATE OF CALIFORNIA ARE GOING TO BE LOOKING AT  
5       CLEANING UP A PILE.

6                       I HAVE A REAL PROBLEM WITH THAT  
7       BECAUSE THE ISSUE OF WE WILL DO WHATEVER IT TAKES.  
8       I KNOW MR. KIRKLAND WANTS TO STAY IN BUSINESS, BUT  
9       THAT BUSINESS DECISION TO GET A BETTER RATE HAS  
10      PULLED THE TRIGGER ON THIS ACTION. I MEAN THE  
11      CONSEQUENCES ARE, YOU KNOW, WHAT THE CONSEQUENCES  
12      ARE. AND THE FACT THAT THERE IS ANOTHER INSURANCE  
13      POLICY READY TO TAKE OVER, I DON'T THINK, RELIEVES  
14      THE IDEA THAT THIS \$270,000 IS STILL \$38,000  
15      UNDERFUNDED.

16                      THAT IS PART OF THE THREE PIECES  
17      THAT MAKE THE FINANCIAL ASSURANCES BASED ON THE  
18      EXISTING CLOSURE PLAN OR THE, YOU KNOW, THE -- NOT  
19      THE ONE THAT WAS DUE, BUT THE EXISTING CLOSURE  
20      PLAN IN ARREARS AND PUT -- YOU KNOW, PUTS THIS  
21      PERMIT UP FOR REVOCATION. SO WE NEED TO -- I  
22      THINK WE NEED TO REALLY UNDERSTAND THAT IT ISN'T  
23      JUST THE INSURANCE POLICY. IT IS THE DISREGARD OF  
24      FUNDING THE TRUST FUND AS WELL. BUSINESS DECISION  
25      OR NOT, IT'S CAUSING THIS TRIGGER TO BE PULLED.

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1                   MR. KIRKLAND: MR. JONES, IF I MIGHT  
2 ADDRESS YOU ON THAT. I DIDN'T INTEND FOR IT TO GO  
3 THAT FAR. I DID ASSUME IN THE MONTH OF MAY THERE  
4 WOULD BE A DEAL MADE BETWEEN MELP AND OXFORD AND  
5 THE STATE. AND, YOU KNOW, MY IMPRESSION WAS THAT  
6 IT WAS HAPPENING -- GOING TO HAPPEN TOMORROW  
7 DURING THAT WHOLE PERIOD, AND DID GO PAST THAT  
8 TIME AND TRIGGER THAT.

9                   TECHNICALLY RIGHT NOW I'VE MADE A  
10 VERY LARGE DEPOSIT ON THIS INSURANCE, AND I THINK  
11 WE'RE TECHNICALLY OVERFUNDED ON THE FINANCIAL  
12 ASSURANCE BY HALF A MILLION DOLLARS AT THIS POINT.

13                  CHAIRMAN PENNINGTON: HOW WOULD YOU  
14 FIGURE THAT?

15                  MR. KIRKLAND: THE BOND IS NOT -- WE  
16 HAVEN'T REQUESTED TO REMOVE THE BOND YET, SO  
17 ACTUALLY A BIT OVERFUNDED, TECHNICALLY.

18                  CHAIRMAN PENNINGTON: HOW DO YOU RESPOND  
19 TO NOT MEETING YOUR REQUIREMENTS TO REMOVE THE  
20 AMOUNT OF TIRES THAT IS REQUIRED IN THE PERMIT?

21                  MR. KIRKLAND: DO YOU HAVE MORE QUESTIONS  
22 FOR MR. HOLZMAN?

23                  BOARD MEMBER RELIS: BEFORE YOU SIT DOWN,  
24 SIR, YOU ARE A BROKER, CORRECT?  
25                  MR. HOLZMAN: CORRECT.

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1                   BOARD MEMBER RELIS:   SO YOU MAKE THE  
2   ARRANGEMENTS TO PROCURE A POLICY?

3                   MR. HOLZMAN:   CORRECT.

4                   BOARD MEMBER RELIS:   WHAT YOU'VE TOLD US  
5   TODAY IS THAT YOU'VE RECEIVED A DEPOSIT AND YOU  
6   HAVE CONFIRMED WITH THE ISSUER OF THE POLICY THAT  
7   THEY WILL INDEED HONOR IT.

8                   MR. HOLZMAN:   CORRECT.

9                   BOARD MEMBER RELIS:   AND THAT THAT WOULD  
10  BE COMPLETED BY THE END OF THE DAY?

11                  MR. HOLZMAN:   AS SOON AS I GET IN THE  
12  OFFICE, WE CAN GET THE ORDERS OVER TO THE  
13  INSURANCE COMPANY TO RESTART THE INSURANCE OR  
14  RENEW IT.   YES, THAT'S CORRECT.

15                  BOARD MEMBER RELIS:   SO WHAT YOU ARE  
16  SAYING HERE IS THAT THERE WOULD BE AN ENFORCEABLE  
17  POLICY AS OF TODAY THAT WOULD GO TILL MARCH OF '98  
18  UNLESS THERE'S A BREAKDOWN IN THE PAYMENTS, AT  
19  WHICH TIME THE 120-DAY NOTICE WOULD BE --

20                  MR. HOLZMAN:   EXERCISED.

21                  BOARD MEMBER RELIS:   -- EXERCISED.   OKAY.  
22  THANK YOU.

23                  BOARD MEMBER JONES:   MR. CHAIRMAN.

24                  CHAIRMAN PENNINGTON:   YES, MR. JONES.

25                  BOARD MEMBER JONES:   BEFORE OUR BROKER



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1 LEAVES, THE -- IT IS AGREED THAT -- I KNOW THERE  
2 WAS SOME QUESTIONS. WE GOT A LETTER FROM THE  
3 INSURANCE COMPANY THAT SAID BECAUSE THE PAYMENT  
4 WASN'T MADE IN MARCH, THEY FELT THE CLOCK STARTED  
5 THAT DAY. WE WEREN'T NOTIFIED. I THINK THAT OUR  
6 STAFF HAD NOTIFIED THEM AND SAID NO. IT'S VERY  
7 CLEAR IN THE POLICY THAT IT'S WHEN WE ARE NOTIFIED  
8 THAT THAT 120-DAY CLOCK STARTS. I'M LOOKING  
9 TOWARDS RICHARD TO SEE A NOD. IS THAT ACCURATE?  
10 AND THEY AGREED -- I DON'T KNOW. HAVE THEY AGREED  
11 THAT, IN FACT, THAT 120 DAYS STARTED THE DAY THAT  
12 THEY GAVE US NOTICE OR THE DAY THAT MR. KIRKLAND  
13 DIDN'T MAKE THE PAYMENT?

14 MR. CASTLE: WE HAVEN'T RECEIVED ANY  
15 NOTICE FROM THE INSURANCE COMPANY OR A CALL FROM  
16 THEM CONFIRMING THEIR RECEIPT OF THE LETTER, BUT  
17 OUR CERTIFICATE MAKES IT CLEAR THAT WE HAVE THE  
18 120 DAYS, BUT WE HAVEN'T RECEIVED A RESPONSE BACK.  
19 I DON'T KNOW IF MR. HOLZMAN HAS RECEIVED ANYTHING  
20 OR NOT.

21 MR. HOLZMAN: WE HAVEN'T SEEN ANYTHING.

22 BOARD MEMBER JONES: OKAY. BUT IT WAS  
23 CLEAR IN THE AGREEMENT THAT THEY NEEDED TO NOTIFY  
24 US FOR THE 120 DAYS TO START, NOT --

25 MR. CASTLE: YES. THE CERTIFICATE THAT

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1 WE RECEIVED FROM THE INSURER IS VERY CLEAR ABOUT  
2 THE 120 DAYS.

3 MR. HOLZMAN: THE ONLY THING THAT I MIGHT  
4 ADDRESS TO THAT CONCERN WHICH IS TYPICALLY THE  
5 INSURANCE COMPANY -- I MEAN INSURANCE POLICY HAS  
6 AN EXPIRATION DATE ON IT. AND ALL CERTIFICATES,  
7 MY UNDERSTANDING, ALL CERTIFICATES, AND I HAVEN'T  
8 REALLY DETAILED THIS CERTIFICATE, WHEN THE POLICY  
9 EXPIRED, IT'S EXPIRED. AND NOTICE IS NO LONGER AN  
10 ISSUE BECAUSE IT'S EXPIRED.

11 IT WOULD SEEM TO ME THAT UNLESS THE  
12 CERTIFICATE HAS A PROVISION IN IT THAT SAYS THIS  
13 POLICY CONTINUES TO RUN UNLESS WE'RE NOTIFIED,  
14 THAT THE BOARD MIGHT MAKE A NOTE THAT 120 DAYS  
15 BEFORE THE POLICY EXPIRES, THEY START PROCEEDING  
16 ON THE FACT THAT THEY'VE RECEIVED NOTICE ANYWAYS.

17 I DON'T KNOW HOW YOUR CERTIFICATE --  
18 AS I SAID, I HAVE NOT STUDIED THAT CERTIFICATE,  
19 BUT WHAT YOU'VE DONE HERE, AND MAYBE IT'S THE WAY  
20 IT IS, IS EFFECTIVELY CREATED AN ONGOING INSURANCE  
21 POLICY UNLESS THEY GIVE YOU NOTICE. IF I WERE THE  
22 INSURANCE COMPANY, 120 DAYS BEFORE MY EXPIRATION  
23 I'D AUTOMATICALLY SEND YOU NOTICE, AND I WOULD  
24 FORCE MY INSURED TO RENEW 120 DAYS EARLY.

25 CHAIRMAN PENNINGTON: WHAT WAS THE

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1        EXPIRATION DATE?

2                    MR. HOLZMAN:    IT WAS MARCH 7TH OR MARCH  
3        17TH.

4                    MR. CHANDLER:    MARCH 27TH.

5                    BOARD MEMBER JONES:    SO THE INSURANCE  
6        COMPANY HAS SAID, AND IF THEY HOLD TO THAT, IF  
7        THIS BECOMES A DISPUTE, I MEAN WE'VE GOT IT IN OUR  
8        CERTIFICATE, AS I UNDERSTAND IT, THAT THEY NEED TO  
9        NOTIFY US.    YOU ARE SAYING THAT THAT'S JUST NOT  
10       COMMON.

11                   MR. HOLZMAN:    THAT'S TRUE.

12                   BOARD MEMBER JONES:    IF THAT'S NOT  
13        COMMON, THEN I THINK THE 120 DAYS -- I'M NOT  
14        SAYING THAT I AGREE WITH THAT.    OKAY.    BUT I'M  
15        SAYING AS PART OF THIS DECISION-MAKING BASIS,  
16        MAYBE WE NEED TO BACK -- YOU KNOW, JUST THINK FOR  
17        THE PURPOSES OF THIS DISCUSSION, NOT FOR THE  
18        PURPOSES OF THE DISCUSSION BETWEEN OUR STAFF AND  
19        THE INSURANCE COMPANY, THAT IF IT'S MARCH 27TH,  
20        MAYBE WE NEED TO LOOK 120 DAYS FROM MARCH 27TH,  
21        WHICH PUTS US INTO SOMETIME NEXT MONTH, THAT IS  
22        THE ONLY TIME WE CAN PULL THE TRIGGER ON THAT HALF  
23        A MILLION DOLLAR POLICY.    MAKES THIS DECISION MORE  
24        IMMINENT.    WE'RE GOING TO NEED TO DO SOMETHING  
25        TODAY BASED ON THAT DISCUSSION, I THINK.    YOU

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1       KNOW, IF MR. KIRKLAND NOT MAKING A PAYMENT STARTS  
2       A CLOCK THAT WE'RE NOT AWARE OF, THEN I GOT A REAL  
3       PROBLEM WITH THAT.

4               BOARD MEMBER RELIS:   WELL, IF WE COULD,  
5       THAT'S A VERY CRITICAL POINT.   I'M NOT SURE I  
6       UNDERSTAND THAT YET.   STAFF HAS SAID THAT THE WAY  
7       THE POLICY IS WRITTEN THEY HAVE TO NOTIFY US, BUT  
8       THE ACTUAL FACE DOCUMENT WOULD SAY, OKAY, MARCH  
9       27TH, NO PAYMENTS MADE, YOU HAVE 120 DAYS FROM  
10      THAT DATE.   COULD WE GET SOME CLARIFICATION ON  
11      THIS?

12             MR. CASTLE:   HOPEFULLY.   THE POLICY  
13      IDENTIFIES AN EFFECTIVE DATE OF MARCH 27, '96.  
14      THAT'S WHEN IT WAS ISSUED.   AND THE POLICY IS  
15      INTENDED TO RUN FOR ONE-YEAR SPANS.   ON THE  
16      CERTIFICATE OF INSURANCE -- AND LET ME READ A  
17      PORTION OF IT FROM YOU HERE -- THIS IS -- THE  
18      CERTIFICATE IS DESIGNED FROM THE FEDERAL EPA  
19      REQUIREMENTS, SUBTITLE D REQUIREMENTS FOR  
20      LANDFILLS.   THE INSURER UNDERSTANDS THOSE  
21      REQUIREMENTS, AND THEY'VE MADE THIS CERTIFICATE  
22      AVAILABLE TO THE TIRE -- WASTE TIRE FACILITIES.

23             AND TO QUOTE FROM THE CERTIFICATE,  
24      "THE INSURER CERTIFIES THAT IT WILL NOT CANCEL,  
25      TERMINATE, OR FAIL TO RENEW THIS POLICY EXCEPT  
FOR



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1       FAILURE TO PAY THE PREMIUM AND THAT AUTOMATIC  
2       RENEWAL OF THE POLICY PROVIDES THE INSURED WITH  
3       THE OPTION OF RENEWAL AT THE FACE AMOUNT OF THE  
4       EXPIRING POLICY." IT GOES THROUGH SOME MORE  
5       VERBIAGE THERE.

6               BOARD MEMBER RELIS: STOP ON THAT "EXCEPT  
7       FOR THE FAILURE."

8               MR. CASTLE: THAT'S WHAT I WAS GOING TO  
9       SAY, "EXCEPT FOR THE FAILURE TO PAY THE PREMIUM,"  
10      AND THEN THAT'S ONE OF THE ABILITIES OF THE  
11      INSURED TO CANCEL THE POLICY. AND WHEN WE GET  
12      INTO THAT CANCELLATION, THAT'S WHEN CANCELLATION,  
13      TERMINATION, OR FAILURE TO RENEW MAY NOT OCCUR;  
14      HOWEVER, DURING THE 120 DAYS BEGINNING WITH THE  
15      DATE OF RECEIPT OF THE NOTICE BY THE OPERATOR,  
16      THE

17      BOARD -- AND IT'S GOT LEA IN HERE, BUT WE DON'T  
18      USE LEA'S FOR WASTE TIRE FACILITIES -- AS  
19      EVIDENCE

20      BY RETURN RECEIPT. IT ACTUALLY MISSED A STEP  
21      THERE TOO. THEY DIDN'T SEND THIS CERTIFIED MAIL,  
22      BUT WE ACKNOWLEDGE THAT WE RECEIVED THE  
23      NONRENEWAL.

24               BOARD MEMBER RELIS: SO IN SUM WHERE ARE  
25      WE IN THAT?

26               MR. CASTLE: WE ARE WITHIN THE 120 DAYS.

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25 WE RECEIVED THEIR NOTICE ON JUNE 9TH, AND THE

1 120-DAY CLOCK BEGAN ON JUNE 9TH. IT WILL END ON  
2 OCTOBER 7TH. THAT'S WHAT WE OUTLINED IN THE  
3 LETTER TO THE INSURER REMINDING THEM --

4 BOARD MEMBER RELIS: WE DON'T THINK  
5 THERE'S A GLITCH IN THAT?

6 MR. CASTLE: NO. THIS LANGUAGE IS, LIKE  
7 I SAID, FROM THE FEDERAL EPA SUBTITLE D  
8 REQUIREMENTS AND ACTUALLY SUBTITLE C FOR TOXIC  
9 FACILITIES ALSO IF AN INSURER WERE TO OFFER  
10 CLOSURE INSURANCE TO A HAZARDOUS WASTE FACILITY.

11 MR. KIRKLAND: AND I BELIEVE SINCE WE  
12 RENEWED THE POLICY AT A HIGHER RATE, THAT IT'S A  
13 MOOT POINT.

14 MR. HOLZMAN: YEAH. ACTUALLY THAT  
15 WORDING THERE IS PRETTY CLEAR.

16 BOARD MEMBER JONES: OTHERWISE WE'RE AT  
17 90 DAYS TODAY BASED ON THE OTHER.

18 MR. HOLZMAN: IF I WERE THE INSURER, I  
19 WOULD PROBABLY FORCE MY INSURED TO RENEW 120 DAYS  
20 EARLY.

21 CHAIRMAN PENNINGTON: ANY ADDITIONAL  
22 QUESTIONS OF --

23 MR. CHANDLER: I HAVE ONE, IF I COULD.  
24 I'M STILL NOT CLEAR. I THINK WE NEED TO -- LET'S  
25 JUST DO A COUPLE OF SCENARIOS HERE. ARE YOU

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1 SAYING THAT IF THE BOARD SHOULD TAKE AN ACTION  
2 TODAY TO REVOKE THE PERMIT -- LET ME ASK YOU  
THIS.

3 WHAT INSURANCE POLICY IS IN PLACE UNDER THAT  
4 SCENARIO IF THAT SHOULD OCCUR TODAY?

5 MR. HOLZMAN: THROUGH OUR OFFICE WE HAVE  
6 THIS HALF MILLION DOLLAR POSTCLOSURE POLICY.

7 MR. CHANDLER: SO WE DO NOT HAVE AT THIS  
8 TIME THE 1.07 INCREASED COVERAGE IN PLACE?

9 MR. HOLZMAN: THAT WILL BE -- THAT IS  
10 CORRECT.

11 MR. CHANDLER: THAT WOULD ONLY START  
THIS

12 AFTERNOON IF YOU CHOSE TO GO BACK TO THE OFFICE  
13 AND MAKE THAT HAPPEN?

14 MR. HOLZMAN: THAT'S CORRECT.

15 MR. CHANDLER: SO THE BOARD IS HOPEFULLY  
16 UNDERSTANDING THAT THE INSURANCE COVERAGE THAT  
YOU

17 HAVE TODAY IS THE COVERAGE THAT, AS MR. RELIS'  
18 QUESTIONING HAS JUST CLARIFIED, THE POLICY THAT  
IS

19 IN PLACE THROUGH THIS 120-DAY WINDOW THAT WE'RE  
20 OPERATING IN. THAT'S THE \$500,000. WE HAVE  
21 ANOTHER \$500,000 BOND BY CMS, AND WE HAVE

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\$233,000

22 IN THE TRUST FUND THAT'S SHORT ABOUT \$40,000.

23 THAT'S WHAT WE HAVE AT THIS INSTANT, IF YOU WILL.

24 THEY'RE PROPOSING TO INCREASE

25 COVERAGE, APPARENTLY WITH THE SAME FIRM, TO 1.07.

1       AND THEN I ASSUME MR. KIRKLAND WILL BE REQUESTING  
2       THE STAFF TO DISMISS THE CMS BOND FOR 500,000.  
3       AND HE'S ALSO MAINTAINING THAT THIS INCREASED  
4       COVERAGE THAT HE PROPOSES TO GET THIS AFTERNOON  
5       BRINGS HIS COVERAGE SO FULL THAT IT DEALS WITH THE  
6       SHORTAGE IN THE TRUST FUND, WHICH WE'VE  
7       ACKNOWLEDGED IS AROUND \$40,000. SO I JUST WANTED  
8       TO GET ON THE RECORD MY UNDERSTANDING IN A WAY OF  
9       KIND OF WHERE WE ARE AS WE HEAR THE ISSUE AT THIS  
10      TIME.

11                       WE DO NOT HAVE IN PLACE THE  
12      INCREASED COVERAGE. IT'S PROPOSED TO BE PUT IN  
13      PLACE. AND I GUESS THE INSURANCE COMPANY IS OF  
14      THE MIND THAT TO DOUBLE THEIR EXPOSURE HERE FROM  
15      \$500,000 TO 1.07 IS A DUE DILIGENT REVIEW THAT  
16      THEY'VE TAKEN THAT'S IN THEIR BEST INTEREST. I  
17      GUESS I CAN UNDERSTAND THAT LOGIC, ALTHOUGH I  
18      QUESTION IT, WHICH IS THEY'RE NOT ON THE HOOK FOR  
19      THE \$500,000 IF THE 1.07 IS ACCEPTED BY THE BOARD  
20      AND THERE'S NO ACTION TAKEN ON THE PERMIT.

21                       CHAIRMAN PENNINGTON:    RIGHT.

22                       MR. CHANDLER:    AND THEY'RE NOT ON THE  
23      HOOK FOR THE 1.07 BECAUSE THIS BOARD HASN'T  
24      DECIDED WHAT IT'S GOING TO DO ON THE PERMIT, AND  
25      THAT WILL ONLY OCCUR THIS AFTERNOON SHOULD HE GO



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1 BACK TO THE OFFICE.

2 MR. HOLZMAN: YOU SUMMARIZED THAT PRETTY  
3 WELL.

4 CHAIRMAN PENNINGTON: MR. FRAZEE.

5 BOARD MEMBER FRAZEE: THE CMS BOND, WHAT  
6 IS THE NATURE OF THAT? DOES THAT HAVE A PREMIUM  
7 AND AN EXPIRATION DATE ON IT, MR. KIRKLAND?

8 MR. KIRKLAND: THE CMS BOND IS STILL IN  
9 EFFECT UNTIL THE STAFF ALLOWS THEM TO CANCEL IT.

10 CHAIRMAN PENNINGTON: IS THERE A PREMIUM  
11 ON IT?

12 MR. KIRKLAND: YES, THERE IS.

13 CHAIRMAN PENNINGTON: AND YOU PAY THE  
14 PREMIUM?

15 MR. KIRKLAND: I PAY CMS. CMS PAYS THE  
16 BOND COMPANY. THOSE AREN'T THE SAME NUMBER, BY  
17 THE WAY.

18 BOARD MEMBER FRAZEE: AND THAT ONE IS IN  
19 FULL FORCE CURRENTLY?

20 MR. KIRKLAND: YES. AS FAR AS I WAS  
21 CONCERNED, WHEN I SENT MY CHECK TO -- FOR THE  
22 INSURANCE POLICY, THAT'S -- YOU KNOW, I GUESS  
23 THERE'S A LAPSE HERE IN TIME, BUT I WROTE A BIG  
24 CHECK THE OTHER DAY FOR THIS POLICY, SO I'M

HOPING

25 THAT IT'S IN PLACE.

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1                   CHAIRMAN PENNINGTON:   BUT IT'S NOT IN  
2                   PLACE UNTIL HE GOES BACK AND DOES THE PAPERWORK.  
3                   AND SO I MEAN YOUR CHECK ISN'T GOING TO DO  
4                   ANYTHING UNTIL HE SENDS IT TO THE INSURANCE  
5                   COMPANY.

6                   BOARD MEMBER FRAZEE:   COULD I PURSUE THIS  
7                   BOND THING JUST A BIT MORE?   IT'S NOT YOUR INTENT  
8                   TO USE THE EXTRA \$500,000 PLUS OR MINUS IN THE  
9                   INSURANCE POLICY AND THEN LET THE BOND LAPSE?

10                  MR. KIRKLAND:   NO.

11                  BOARD MEMBER FRAZEE:   YOU'RE GOING TO  
12                  CONTINUE WITH THE BOND, SO THAT GIVES US A MILLION  
13                  AND A HALF PLUS THE 200.

14                  MR. KIRKLAND:   I'D BE WILLING TO ADDRESS  
15                  THAT IN SOME REMARKS THAT I HAD TO MAKE.  
16                  ADDITIONAL COVERAGE.

17                  MR. CHANDLER:   BUT I SHOULD ADD, MR.  
18                  FRAZEE, THAT'S IT'S BEEN MY UNDERSTANDING FROM MR.  
19                  KIRKLAND ALL ALONG THAT HE DOES NOT INTEND TO KEEP  
20                  THE ADDITIONAL COVERAGE IN THE CMS BOND.   AND  
21                  SHOULD THE BOARD ACCEPT THE INCREASED COVERAGE OF  
22                  1.07, THAT COUPLED WITH TRUST FUND GETS HIM ABOUT  
23                  TO THE \$1.3 MILLION FINANCIAL ASSURANCE LEVEL THAT  
24                  WE HAD ASKED FOR WHEN WE ISSUED THE PERMIT.   HE  
25                  WILL MAINTAIN THAT HE'S ACTUALLY GOT EXCESS

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1       COVERAGE AND WOULD LIKE TO SEE THE BOND DISMISSED.

2                       THE BOND, MR. KIRKLAND HAS  
3       REPRESENTED, CONSTITUTES A FINANCIAL HARDSHIP FOR  
4       HIM IN THAT THE PAYMENT ON THAT BOND IS NOT AS  
5       ATTRACTIVE AS A PAYMENT UNDER THE PREMIUM THAT HE  
6       COULD GET WITH THE INSURANCE COMPANY.  SO HE WOULD  
7       LIKE TO RELEASE THE BOND WITH ADEQUATE COVERAGE.

8                       MR. KIRKLAND:  I THINK, MR. CHANDLER,  
9       WHAT IT IS IS THE THREE DIFFERENT MECHANISMS ARE A  
10      LOT MORE EXPENSIVE THAN ONE COMPREHENSIVE POLICY,  
11      A LOT LESS AFFORDABLE.  SO IT'S NOT THAT THE BOND  
12      ITSELF IS SO MUCH MORE, IT'S JUST THAT COMBINING  
13      THEM ALL UNDER ONE POLICY IS MORE AFFORDABLE.

14                      BOARD MEMBER RELIS:  COULD I CLARIFY?

15                      CHAIRMAN PENNINGTON:  CERTAINLY.  GO  
16      AHEAD, MR. RELIS.

17                      BOARD MEMBER RELIS:  THREE AND ONE IS  
18      MORE EXPENSIVE FROM STAFF'S PERSPECTIVE SINCE  
19      WE'RE ON THIS INSURANCE BUSINESS.  DOES THAT GIVE  
20      US THE SAME DEGREE OF PROTECTION, OR DOES THAT  
21      ALTER -- INCREASE OUR EXPOSURE?

22                      MR. ADAMS:  BASICALLY A MILLION DOLLAR  
23      INSURANCE POLICY WOULD BE USED TO SUBSTITUTE THE  
24      HALF MILLION DOLLAR INSURANCE POLICY AND THE HALF  
25      MILLION DOLLAR BOND.  BASICALLY THEN YOU'RE

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1 DEALING WITH ONE INSURER AS OPPOSED TO A BONDING  
2 COMPANY AND AN INSURANCE COMPANY.

3 AND TO ANSWER MR. FRAZEE'S QUESTION  
4 ABOUT THE BOND, THAT THAT DOESN'T SEEM TO GET A  
5 WHOLE LOT OF ATTENTION, IS THAT CMS, WHICH IS THE  
6 ORIGINAL OWNER OF THE PILE, IS CARRYING THAT BOND  
7 ON BEHALF OF MR. KIRKLAND. AND MARK IS MAKING  
8 PAYMENTS TO THEM FOR THEM TO KEEP THE BOND IN  
9 PLACE. SO IN A WAY HE'S PAYING A PREMIUM ON TOP  
10 OF A PREMIUM FOR THAT LUXURY -- I'M NOT SURE HE  
11 CONSIDERS IT A LUXURY -- FOR THAT. AND I KNOW  
12 THAT CMS IS VERY ANXIOUS TO GET OFF THE BOND. AND  
13 I THINK THEY'VE ENCOURAGED THE SUBSTITUTION FOR A  
14 LARGER SINGLE POLICY TO TAKE THAT BOND. AND SO  
15 THIS WAY THEY'RE OFF AND BASICALLY OUT OF THE TIRE  
16 BUSINESS IN CALIFORNIA.

17 BOARD MEMBER CHESBRO: ARE THERE  
18 DIFFERENCES IN TERMS OF OUR ABILITY TO ACCESS THE  
19 MONEY?

20 MR. ADAMS: IT'S BASICALLY THE SAME.  
21 ONE'S A SURETY BOND, WHICH, IN EFFECT, WOULD BE IF  
22 THE BOARD WERE TO MAKE A CLAIM OR PUT IN A CLAIM  
23 AGAINST THE SURETY BOND, CMS WOULD BE PAYING THE  
24 MONEY. THE DIFFERENCE BETWEEN A SURETY BOND AND  
25 INSURANCE, THE SURETY COMPANY WANTS THEIR MONEY



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1 BACK. SO WHATEVER ASSETS THAT CMS HAS PUT UP,  
2 THAT'S WHAT THEY'RE GOING TO BE PAYING THE INSURER  
3 IF CMS DOESN'T PAY IT. SO THEY'RE ON THE HOOK  
4 MORE OF A PERSONAL LIABILITY AS OPPOSED TO THE  
5 INSURANCE COMPANY BEING ON THE HOOK.

6 MR. CHANDLER: GARTH, I THINK A POINT --  
7 I MAY BE MISTAKEN HERE -- IS IT NOT TRUE THAT OUR  
8 REGULATIONS, MAYBE IT'S SPECIFIC TO THIS  
9 SITUATION, REQUIRE THAT BEFORE WE CAN ACCESS THE  
10 \$500,000 INSURANCE POLICY, WE MUST FIRST EXHAUST  
11 THE CMS BOND IF WE WERE IN CLOSURE? AM I MISTAKEN  
12 ON THAT? I THOUGHT I HAD HEARD THAT AT ONE TIME.  
13 MR. CHESBRO'S QUESTION --

14 MR. CASTLE: YOU'RE RIGHT ON THAT ONE.  
15 THE INSURANCE POLICY IS IDENTIFIED AS BEING AN  
16 EXCESS POLICY, WHICH PUTS IT AFTER THE OTHER  
17 COVERAGES.

18 MR. CHANDLER: SO WHAT WE'D HAVE TO DO  
19 UNDER THE STATUS THAT WE'RE IN RIGHT NOW IS WE  
20 WOULD -- OUR FIRST RECOURSE IN THE CLOSURE MODE  
21 WOULD BE TRUST FUND, CMS BOND, AND ONLY AFTER THAT  
22 IS EXECUTED AND UTILIZED, I ASSUME, WOULD WE THEN  
23 MOVE INTO THE \$500,000 POLICY.

24 BOARD MEMBER CHESBRO: SO WHAT HAPPENS IF  
25 THERE IS NO BOND AND YOU HAVE A LARGER INSURANCE

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1 POLICY?

2 MR. CHANDLER: YOU WOULD GO TO TRUST FUND  
3 AND THEN TO THE POLICY.

4 CHAIRMAN PENNINGTON: TWO QUESTIONS. ARE  
5 YOU CURRENT ON YOUR PAYMENT ON THE BOND?

6 MR. KIRKLAND: YES, SIR. THE BOND IS  
7 CURRENT.

8 CHAIRMAN PENNINGTON: WHO PAYS THE  
9 \$100,000 DEDUCTIBLE ON THIS INSURANCE POLICY?

10 MR. KIRKLAND: THAT'S US. OXFORD DOES.

11 CHAIRMAN PENNINGTON: NOT OUT OF THE  
12 TRUST FUND?

13 MR. KIRKLAND: NO.

14 BOARD MEMBER JONES: MR. CHAIRMAN, I WANT  
15 TO FOLLOW THAT FOR A SECOND BECAUSE IF THIS WERE  
16 TO GO INTO CLOSURE AND THEY STARTED WITH THE FUNDS  
17 FROM THE TRUST FUND, LET'S SAY THERE WAS NO --  
18 LET'S SAY THIS REPLACED THE BOND, FOR THE SAKE OF  
19 THIS ARGUE -- THIS DISCUSSION. DOES A HUNDRED  
20 THOUSAND DOLLAR DEDUCTIBLE HAVE TO BE PAID PRIOR  
21 TO THE RELEASE OF THE INSURANCE FUNDS? I MEAN  
22 WE'RE USING -- THIS IS A CLOSURE ACCOUNT THAT WE  
23 NEED TO HAVE ACCESS TO THAT WE'RE NOT GOING TO BE  
24 ABLE TO RELY ON SOMEBODY TO MAKE A PAYMENT. DOES  
25 THAT, IN FACT, TAKE THAT MILLION DOLLARS DOWN TO

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1       \$900,000?

2                   MR. HOLZMAN:    THAT'S A GOOD QUESTION.    I  
3       DON'T KNOW HOW THE INSURANCE COMPANY WOULD DEAL  
4       WITH THAT.    THE WORDING ISN'T CLEAR IN THE POLICY  
5       AS TO WHETHER IT'S FIRST DOLLAR OR JUST DEDUCTED.  
6       BUT WE CAN GET THAT ANSWERED FOR YOU.    I DON'T  
7       KNOW.

8                   BOARD MEMBER JONES:    I THINK THAT'S  
9       PRETTY CRITICAL BECAUSE WE HAVE -- WE HAVE A  
10      HUGE -- I MEAN THIS IS -- I THINK MR. KIRKLAND  
11      APPRECIATES THE FACT THAT, YOU KNOW, HIS BUSINESS  
12      IS -- THIS PART OF HIS BUSINESS IS IN JEOPARDY.  
13      AND I THINK HE ALSO APPRECIATES THE FACT OF WHAT  
14      THE ENVIRONMENTAL RESULTS WOULD BE IF THERE WAS,  
15      GOD FORBID, ANY DISASTER AT THAT FACILITY.    WE  
16      NEED TO GET THAT, YOU KNOW, THING -- THERE IS A  
17      REASON WE HAVE A SCHEDULE TO GET THAT TIRE PILE  
18      DOWN OBVIOUSLY.

19                   I'M CONCERNED THAT WE'RE GOING TO  
20      GET TIED UP IN LITIGATION, OR WE'RE GOING TO GET  
21      TIED UP IN SEMANTICS BECAUSE SOMEBODY DOESN'T PAY  
22      A DEDUCTIBLE WHERE WE'RE NOT GOING TO BE ABLE TO  
23      GET INTO CLOSURE.    I'M NOT SAYING WE'RE GOING  
24      THERE.    I'M JUST SAYING WE NEED TO BE REAL CLEAR  
25      ON HOW ACCESSIBLE THOSE DOLLARS ARE TO MEET THAT

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1 FINANCIAL ASSURANCE RESPONSIBILITY OF MR.  
2 KIRKLAND'S. I THINK THAT IS -- I THINK THAT IS --  
3 THAT \$100,000 DEDUCTIBLE IS PRETTY -- I THINK IT'S  
4 A PRETTY CRITICAL ISSUE IF WE'RE TALKING ABOUT,  
5 YOU KNOW, ACCESSING FUNDS AND, YOU KNOW, HOW --  
6 WHAT THE MECHANICS OF THAT ARE.

7 MR. HOLZMAN: IF YOU LIKE, I CAN PROBABLY  
8 GO AHEAD AND MAKE A CALL AND SEE IF I CAN GET YOU  
9 AN ANSWER TO THAT.

10 BOARD MEMBER JONES: I'D SAY IT WOULD BE  
11 IN YOUR CLIENT'S BEST INTEREST TO GET A COUPLE  
12 ANSWERS ON SOME OF THE THINGS THAT HAVE COME UP  
13 TODAY.

14 CHAIRMAN PENNINGTON: MR. RELIS.

15 BOARD MEMBER RELIS: I WAS JUST  
16 WONDERING -- AT THIS POINT IT SEEMS LIKE WE'VE  
17 COVERED OR WE'VE GOT ABOUT AS MUCH AS INFORMATION  
18 AS SOME OF US CAN UNDERSTAND ABOUT INSURANCE AND  
19 HOW IT WORKS AND WHETHER HE'S COVERED, NOT,  
20 LAPSES, TIME FRAME.

21 THE FUNDAMENTAL ISSUE THAT WE WENT  
22 INTO THIS WHOLE PERMIT WAS OVER THE REDUCTION OF  
23 THE PILE ASSUMING ALL THE OTHER MATTERS ARE IN  
24 ORDER. AND THAT REMAINS. STAFF HAS PRESENTED TO  
25 US A PICTURE OR WHAT THEY WOULD CALL A PATTERN



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1        THAT QUESTIONS THE COMPLIANCE HERE.    AND BIGGEST  
2        ON THAT LIST, IN MY MIND BY FAR, IS THE ISSUE OF  
3        THE DRAWDOWN.    AND WE'RE AT 2,000 TONS; WE'RE  
4        SUPPOSED TO BE IN EXCESS OF 7500 TODAY.    THAT --

5                CHAIRMAN PENNINGTON:    96.

6                BOARD MEMBER RELIS:    NINETY-SIX HUNDRED.  
7        THAT'S A BIG GAP.    AND WE HAVEN'T MADE MUCH  
8        PROGRESS BY THAT MEASURE IN TERMS OF OUR MOST  
9        IMPORTANT OBJECTIVE, THE STATE'S MOST IMPORTANT  
10       OBJECTIVE.    SO I'LL JUST THROW THAT OUT NOW.

11               CHAIRMAN PENNINGTON:    THE DIFFERENCE IS  
12       ABOUT WHAT THE DRAWDOWN SHOULD HAVE BEEN.

13               MR. KIRKLAND:    IF I COULD ADDRESS THAT  
14       BRIEFLY, I WOULD SAY THE PILE, SINCE WE STOPPED  
15       BRINGING TIRES IN THERE, DUE TO THE OPERATION OF  
16       THE FACILITY, IS DOWN ABOUT 20 TO 25 PERCENT IN  
17       TOTAL VOLUME.    OUR PORTION OF IT IS INCREASED  
18       BECAUSE OF THE TIRES THAT MR. PHILBIN PUSHED DOWN  
19       THE HILL, WHICH HE HAD A CONTRACTUAL RIGHT TO DO,  
20       WHICH I HAD NO WAY OF PREVENTING.    HOWEVER, AS  
21       I'VE SAID BEFORE, THOSE TIRES ARE CLOSER TO THE  
22       ACTUAL -- CLOSER TO THE END USE THAN THEY WERE  
23       BEFORE AND AT HIS EXPENSE.

24               HOWEVER, AS I SAID, DUE TO THE  
25       ACTIONS OF MELP, THE TOTAL TIRE PILE IS DOWN 20 TO

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1       25 PERCENT IN THE LAST MONTH. I THINK SOME OF  
2       YOUR PEOPLE -- STAFF WERE PLANNING A VISIT  
3       TOMORROW. THEY MIGHT BE ABLE TO REPORT BACK TO  
4       YOU ON THAT.

5                       IF I COULD GIVE YOU AN -- IF I COULD  
6       ADDRESS FURTHER OUR PLANS TO CONTINUE THAT  
7       DRAWDOWN, WE WOULD LIKE TO PROPOSE AT THIS TIME  
8       THAT WE CONTINUE TO ELIMINATE THIS PILE. WE ARE  
9       PREPARED TO ABSORB THE COST OF ELIMINATING THE  
10      PILE AT THIS TIME. I'VE BEEN WORKING ON THIS FOR  
11      TWO YEARS, AND I THINK SOME OF THE MEMBERS OF  
12      STAFF AND THE BOARD ITSELF ARE AWARE OF WHAT WE'VE  
13      BEEN WORKING ON. LIKE I SAY, WE'RE READY TO  
14      ACCELERATE THE ELIMINATION OF THIS PILE AT THIS  
15      TIME AND ABSORB THE COST OF THAT. AND WE'D BE  
16      HAPPY TO MEET WITH YOUR STAFF.

17                   CHAIRMAN PENNINGTON: I GUESS I NEED TO  
18      KNOW WHAT THAT MEANS A LITTLE BIT MORE. I MEAN  
19      REDUCE THE PILE AT YOUR EXPENSE?

20                   MR. KIRKLAND: WE'RE READY TO ABSORB THE  
21      COST OF HAVING THAT TIRE PILE --

22                   CHAIRMAN PENNINGTON: BY PAYING MELP?

23                   MR. KIRKLAND: YES, THAT WOULD BE PART  
24      OF

25      THE PLAN.

26                   CHAIRMAN PENNINGTON: YOU ALREADY OWE

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1       THEM.

2               MR. KIRKLAND:   YES, WE'RE READY TO  
3       ADDRESS THAT ISSUE WITH YOU ALSO.   WE'D PREFER TO  
4       DO IN A -- DUE TO THE LITIGATION OF THIS CURRENT  
5       PROBLEM, WE'D LIKE TO DO IT IN A PRIVATE SETTING,  
6       BUT WE ARE READY TO ADDRESS THESE ISSUES.

7               BOARD MEMBER RELIS:   MR. CHAIR, BEFORE WE  
8       PURSUE THAT ONE, YOU'VE MADE A STATEMENT THAT THE  
9       PILE HAS BEEN DRAWN DOWN BY A QUARTER.   THAT'S A  
10      HUGE ASSERTION.   AND WHAT WE HAVE BEFORE US IS  
11      THAT IT'S GONE DOWN A LITTLE OVER 2,000 TONS.

12              NOW, IF SOMETHING IS -- THERE'S A  
13      WIDE GAP BETWEEN THOSE TWO PERSPECTIVES.   WHAT ARE  
14      WE TO DO WITH THAT HERE TODAY?   I MEAN WE HAVE --  
15      STAFF HAS BEEN OUT MONITORING THIS.   YOU JUST SAID  
16      THE PILE WAS REDUCED BY A QUARTER.   THAT WOULD  
17      PROBABLY BE WELL IN CONFORMANCE WITH OUR TIME  
18      FRAME IF THAT'S TRUE, BUT I DON'T HEAR ANYTHING  
19      FROM OUR STAFF SUPPORTING THAT.

20              MR. KIRKLAND:   MAYBE THE STAFF CAN HELP  
21      ME OUT WITH THIS.   THERE WERE ESSENTIALLY TWO  
22      PILES.   THERE WAS OUR PILE AND ACROSS A LINE,

A PD

23      LINE, WAS THE PHILBIN PILE.   HIS PILE WAS  
PUSHED

24      INTO OUR PILE.   SO OUR PILE WENT UP, BUT THE

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25        ACTUAL TOTAL PILE THERE, IT WAS JUST ONE BIG  
PILE

1       OF TIRES WITH IN AN IMAGINARY LINE THROUGH IT.  
2       THE TOTAL PILE HAS GONE DOWN.  ACTUALLY IT'S  
GONE  
3       DOWN, I WOULD ESTIMATE, OVER A MILLION TIRES  
SINCE

4       WE STOPPED DELIVERIES.

5                   CHAIRMAN PENNINGTON:  WHERE HAVE  
THESE

6       TIRES GONE?

7                   MR. KIRKLAND:  MELP HAS CONSUMED  
THESE

8       TIRES.  IT'S DUE TO THE ACTIONS OF MELP.

9                   BOARD MEMBER JONES:  YOU MEAN HIS  
TIRES,

10       THE ONES HE WAS BRINGING IN.  HE MEANS YOUR  
TIRES.

11                   CHAIRMAN PENNINGTON:  THAT'S ANOTHER  
GOOD

12       QUESTION.  I MEANT THE ONES OFF THE PILE, BUT  
THE

13       ONES THAT HE WOULD HAVE BEEN BRINGING IN, ARE  
14       THESE THE ONES -- WHERE HAVE THEY GONE?

15                   MR. KIRKLAND:  MOST OF THESE TIRES  
HAVE

16       BEEN GOING TO WINBURY (PHONETIC) ENVIRONMENTAL  
IN



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17       MERCED.   WE DO --

18                   CHAIRMAN PENNINGTON:   SO WE'RE

19       SUBSTITUTING ONE STOCKPILE FOR ANOTHER.

20                   MR. KIRKLAND:   MY UNDERSTANDING IS HE

HAS

21       FINANCIAL ASSURANCES AND IS A PERMITTED --

LEGALLY

22       PERMITTED FACILITY.

23                   CHAIRMAN PENNINGTON:   IT STILL

DOESN'T --

24       THAT'S NOT ELIMINATING IT.   IT'S JUST MOVING

THE

25       PILE FROM ONE PLACE TO THE NEXT.

1                   MR. KIRKLAND: I DON'T DISAGREE. YOU  
2                   KNOW, WE'RE DOING WHAT WE'RE DIRECTED TO DO.

3                   CHAIRMAN PENNINGTON: THAT DOESN'T  
4                   NECESSARILY BEAR ON YOUR PERMIT. I MEAN WE DO  
5                   HAVE TO FACE THAT WHEN WE'RE THINKING OF  
6                   ELIMINATING THE PILE. WE'RE THINKING IN TERMS OF  
7                   ELIMINATING THE TIRE PILE. THAT TO US, I THINK,  
8                   MEANS DOING SOME FINAL DISPOSAL OF THOSE TIRES.  
9                   IT DOESN'T MEAN TAKING THEM OUT OF THERE AND  
10                  PUTTING THEM IN ANOTHER STOCKPILE SOMEPLACE.

11                  MR. KIRKLAND: I AGREE WITH YOU, MR.  
12                  PENNINGTON. I THINK THAT IT'S AN ISSUE THAT WE  
13                  NEED TO ADDRESS.

14                  BOARD MEMBER JONES: MR. KIRKLAND, I  
15                  DON'T WANT TO MIX UP APPLES AND ORANGES. I  
16                  REALLY

17                  DON'T. JUST FOR MY OWN CURIOSITY, THAT SMALL  
18                  LITTLE TIRE STORAGE AREA WHERE YOUR TRAILERS  
19                  ARE

20                  RIGHT OFF THE FREEWAY, ALL THOSE TIRES THAT  
21                  ARE

22                  STACKED THERE, I CAME BACK FROM MONTEREY  
23                  AWHILE

24                  AGO, I DON'T KNOW, MONTH AGO OR SO, AND THERE  
25                  WAS

26                  A SMALL PILE. AND THEN I DROVE DOWN NIGHT

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BEFORE

22 LAST, AND THE STACKS ARE BIGGER. AND I MEAN

23 THEY'RE NICE, THEY'RE NEAT, THEY'RE PERFECT

AS FAR

24 AS ALL BEING STACKED, BUT THOSE ARE YOUR

TIRES?

25 MR. KIRKLAND: YES, MR. JONES.

THOSE ARE

1       USED TIRES.  WE SELL THOSE ON A DAILY BASIS.

2               BOARD MEMBER JONES:  THIS ISN'T A --  
3       WE'RE NOT SUBSTITUTING A PILE FOR A PILE?  THOSE  
4       ARE ALL USABLE TIRES.  I KNEW THE INTENT WAS THAT  
5       YOU DID A SORT THERE OR SOMETHING TO PULL THOSE.

6               MR. KIRKLAND:  YES, THOSE ARE RECOVERED  
7       TIRES THAT WE SELL.

8               BOARD MEMBER JONES:  WE NEED TO FIND  
9       CUSTOMERS FOR THOSE TIRES BECAUSE THEY'RE NOT --

10              MR. KIRKLAND:  WE SELL THEM PRETTY WELL.

11              BOARD MEMBER JONES:  JUST THE PILE IS  
12       BIGGER.

13              MR. KIRKLAND:  I THINK THAT WAS A RESULT  
14       OF MOVING FROM ACROSS THE ROAD IN A WAREHOUSE  
OVER

15       TO THIS FACILITY THAT WE GOT AN EXCLUSION ON, SO  
16       WE HAVE AN INVENTORY TO MOVE OVER.

17              BOARD MEMBER CHESBRO:  MR. CHAIRMAN.

18              CHAIRMAN PENNINGTON:  YES, MR. CHESBRO.

19              BOARD MEMBER CHESBRO:  MY PROBLEM IS  
THAT

20       IT JUST SEEMS LIKE THERE'S A PATTERN THAT'S GONE  
21       ON FOR SOME TIME OF ATTEMPTS WHEN THE BOARD IS  
22       FACING THE CRUCIAL MOMENT OF SOME LAST MINUTE  
23       INFORMATION THAT HASN'T BEEN PROVIDED IN A TIMELY

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24 FASHION THAT CAN'T BE VERIFIED. YOU KNOW, I  
THINK  
25 IF THERE WAS A SINCERE DESIRE TO HAVE THE BOARD

1 TRUST THAT ALL THE NECESSARY PROTECTIONS ARE IN  
2 PLACE, WE WOULDN'T HAVE TO WORRY ABOUT ONE POLICY  
3 LAPSING WHILE ANOTHER ONE IS BEING WORKED ON. I  
4 MEAN I THINK THAT WOULD BE A GIVEN.

5 AND, YOU KNOW, THERE'S AN  
6 EXPLANATION THAT'S BEEN PROVIDED TODAY, BUT TO ME  
7 IF THE CONCERN WAS FOR THE BOARD TO BUILD TRUST  
8 THAT EVERYTHING WAS GOING TO BE DONE THE WAY IT  
9 WAS SUPPOSED TO, THAT WOULDN'T HAVE HAPPENED. SO  
10 I JUST DON'T HAVE A REAL HIGH LEVEL OF TRUST THAT,  
11 YOU KNOW, EVERYTHING THAT WE HEAR IS, IN FACT,  
12 GOING TO BE DONE IN A TIMELY FASHION. I THINK  
13 THERE'S A PATTERN OF NONCOMPLIANCE, NOT JUST WITH  
14 REGARDS TO THE QUESTION OF REDUCING THE PILE, BUT  
15 ALSO WITH REGARD TO FINANCIAL ASSURANCE AND OTHER  
16 PROVISIONS OF THE PERMIT.

17 BOARD MEMBER JONES: MR. CHAIRMAN, THE  
18 TEN TRAILER LOADS OF OVERSIZED TIRES THAT YOU  
19 CHARACTERIZE IS ABOUT TEN TRAILER LOADS AND YOU  
20 HAVE A WAY TO DEAL WITH THAT, YOU DON'T WANT TO  
21 DISCUSS IT BECAUSE OF WHOEVER THE PARTY IS. I  
22 AGREE WITH MR. CHESBRO. YOU KNOW, MARK, THERE  
IS  
23 SUCH A GOOD OPPORTUNITY. WHEN YOU STOOD UP IN  
SAN  
24 BERNARDINO THE NEXT DAY WHEN WE WERE GOING

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THROUGH

25       THIS AND YOU SAID WE WERE PREPARED TO -- I  
DON'T

1 THINK WE WERE PREPARED FOR THE ANSWER THAT YOU  
2 GAVE US OR I WASN'T. I DON'T WANT TO SPEAK FOR  
3 ANYBODY ELSE. I WASN'T SURE HOW THAT DAY WAS  
4 GOING TO GO. AND YOU STOOD UP AND SAID WE AGREE  
5 WITH THE CEASE AND DESIST ORDER. WE AGREE WITH  
6 THE SCHEDULE. WE ARE HERE TO DO WHATEVER IT  
7 TAKES. WE WANT TO STAY IN BUSINESS.

8 I THINK EVERY BOARD MEMBER HERE KIND  
9 OF FELT -- THEN AGAIN, I'M NOT SPEAKING FOR  
10 THEM -- BUT I FELT LIKE ALL RIGHT. STAND-UP GUY.  
11 HE'S GOING TO GO OUT AND DO WHAT HE'S GOT TO DO.  
12 INSURANCE POLICY LAPSED. BIG TIRES ARE STILL NOT  
13 TAKEN CARE OF. AND NOW WE HAVE ANOTHER PLAN AND  
14 WE'RE GOING TO DO THIS AND THIS.

15 IT'S NOT FAIR TO SAY PUT YOURSELF IN  
16 OUR POSITION BECAUSE WE GET PAID TO MAKE THESE  
17 DECISIONS. AND I'M NOT ASKING YOU TO UNDERSTAND  
18 THAT, BUT I AGREE WITH MR. CHESBRO THAT, YOU KNOW,  
19 THERE CAN ONLY BE SO MANY TIMES WHEN YOU LOOK AT  
20 THE, YOU KNOW, END OF THAT RAINBOW AND AT SOME  
21 POINT YOU HIT GROUND AND YOU NEED TO DEAL WITH  
22 THIS STUFF. AND WE'RE GETTING THERE.

23 MR. KIRKLAND: I APPRECIATE THAT. I HOPE  
24 YOU NOTICE THAT THIS IS PROBABLY THE FIRST TIME  
25 I'VE EVER SAID THAT WE'D BE WILLING TO DEAL WITH



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1 THE ENTIRE PILE AND ABSORB THE ENTIRE COST OF  
2 THAT. NEVER MADE THAT.

3 BOARD MEMBER JONES: AND I APPRECIATE  
4 THAT.

5 MR. KIRKLAND: AND I THINK SOME OF THE  
6 MEMBERS KNOW SOME OF THE PLANS THAT WE -- SOME OF  
7 THE PEOPLE THAT I'VE BEEN DEALING WITH AND THE  
8 PLANS THAT ARE IN PLACE AND IN PROGRESS. AND AS  
9 FAR AS THE INSURANCE POLICY GOES, IT WAS KIND OF A  
10 GAME OF CHICKEN. AND THE INSURANCE COMPANY DIDN'T  
11 SWERVE QUICKLY ENOUGH, IF I COULD CHARACTERIZE IT  
12 AS THAT. I WAS TRYING TO DO A LITTLE BIT OF  
13 BRAKEMANSHIP TO GET A BETTER RATE ON THAT POLICY  
14 SO...

15 BOARD MEMBER CHESBRO: DID A LITTLE  
16 BRAKEMANSHIP WITH THE EXISTENCE OF THIS PERMIT  
17 TOO.

18 MR. KIRKLAND: APPARENTLY THAT'S THE  
19 POSITION THAT I'VE BEEN PUT INTO, AND I DON'T LIKE  
20 IT EITHER, I'M GOING TO TELL YOU.

21 BOARD MEMBER JONES: HOW RAPIDLY DO YOU  
22 THINK THAT YOU CAN, IF THIS NEW PLAN COMES INTO  
23 EFFECT, HOW RAPIDLY DO YOU THINK YOU CAN AFFECT  
24 THAT PILE?

25 MR. KIRKLAND: INITIALLY IT WILL DEPEND

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1       ON THE LONGEVITY OF MELP.   HOW LONG WILL THEY STAY  
2       IN OPERATION.   I KNOW THAT I'VE HEARD THREE  
3       DIFFERENT DATES OF WHAT THEIR CLIFF DATE IS AND  
4       POSSIBLE EXTENSIONS.   I DON'T KNOW WHAT IT IS.   I  
5       SUSPECT THEY'LL MAKE IT THROUGH THE END OF THE  
6       YEAR.

7                       MY FEELING, AFTER LOOKING AT THAT  
8       TIRE PILE EVERY DAY, IS THAT BY THE END OF THE  
9       YEAR, YOU WOULD ESSENTIALLY HAVE SOME LARGE TIRES  
10      LEFT THAT WE NEED TO MOVE OUT OF THERE.

11                    BOARD MEMBER JONES:   IS IT ESSENTIAL FOR  
12      YOU TO HAVE A FACILITY PERMIT FOR OXFORD TIRES FOR  
13      YOU TO COMPLETE THAT PLAN?

14                    MR. KIRKLAND:   NO, WE DON'T NEED A  
15      FACILITY PERMIT FOR THAT PURPOSE.   I THINK FOR  
16      SOME OF MY PARTNERS, SOME OF MY POTENTIAL BUSINESS  
17      DEALINGS, THEY LOOK AT THE -- MY RELATIONSHIP WITH  
18      THE WASTE BOARD.   AND IF I'M CAST IN A NEGATIVE  
19      LIGHT, IT COULD KIND OF TURN INTO A SELF-  
20      FULFILLING PROPHECY.   YOU KNOW, IF THEY HEAR THAT  
21      OXFORD'S BAD, YOU KNOW, THE CHICKEN AND THE EGG,  
22      WE'RE BAD IN THEIR EYES, AND THAT COULD DAMAGE  
23      SOME RELATIONSHIPS THAT ARE IMPORTANT TO MAKE  
24      THESE PLANS COME ABOUT.

25                    CHAIRMAN PENNINGTON:   YOU KEEP REFERRING

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1 TO A PLAN. DO YOU HAVE A WRITTEN PLAN THAT WE CAN  
2 LOOK AT?

3 MR. KIRKLAND: I CAN PROVIDE YOU ONE THE  
4 FIRST OF NEXT WEEK. WE HAVE DRAFTS, BUT WE DON'T  
5 HAVE -- IN FACT, MR. PENNINGTON, I DO IN MY  
6 BRIEFCASE HAVE A GENERAL OUTLINE.

7 BOARD MEMBER RELIS: MR. CHAIR, FIRST,  
8 FOR THE RECORD, I WANT -- MR. KIRKLAND'S MADE SOME  
9 ALLUSION TO THAT WE'RE AWARE OF INFORMATION THAT  
10 MAY NOT BE DISCLOSED HERE IN THIS ROOM. I, FOR  
11 THE RECORD, AM NOT AWARE OF --

12 BOARD MEMBER GOTCH: NOR AM I.

13 BOARD MEMBER RELIS: -- ANY SUCH  
14 INFORMATION OR PLAN. AND FRANKLY, I FEEL VERY  
15 UNCOMFORTABLE WITH ASSERTION THAT THERE'S  
16 INFORMATION FLOWING AROUND THE BOARD AND THE STAFF  
17 THAT WE'RE PRIVILEGED TO AND THE PUBLIC ISN'T. SO  
18 FOR THE RECORD, I WANT IT CLEARLY STATED THAT I  
19 DON'T BELIEVE WE HAVE SUCH INFORMATION. THIS  
20 MEMBER DOES NOT HAVE IT ABSOLUTELY.

21 BOARD MEMBER GOTCH: NOR DO I.

22 BOARD MEMBER RELIS: IF WE COULD, JUST  
23 DISPENSE WITH THAT KIND OF TALK.

24 CHAIRMAN PENNINGTON: PUT YOUR MIND AT  
25 EASE, THOUGH, THAT, AND I EX PARTED IT YESTERDAY,

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1 I HAVE HAD SOME DISCUSSIONS WITH MR. LISK, WHO IS  
2 INVOLVED IN AN ATTEMPT TO BE INVOLVED.

3 BOARD MEMBER RELIS: BUT THE PROBLEM,  
4 SEE, I HAVE WITH THE OVERALL IS THERE'S THIS  
5 PENDING PLAN, THERE'S SOMETHING THAT ONLY TODAY WE  
6 HAD THE DETAILS OF THAT WE WOULD KNOW THAT  
7 EVERYTHING IS TAKEN CARE OF HERE. WE'VE BEEN IN  
8 THIS PROCESS FOR OVER A YEAR WHERE STATEMENTS ARE  
9 MADE. AND I DON'T HAVE MUCH -- I DON'T GIVE ANY  
10 CREDENCE TO ANYTHING THAT ISN'T BEFORE US IN  
11 WRITING AS PART OF AN AGENDIZED ITEM.

12 CHAIRMAN PENNINGTON: I THINK THIS BOARD  
13 HAS BEEN VERY TOLERANT. I WOULD SAY THAT A YEAR  
14 AGO THE BOARD WAS ON THE BRINK OF PULLING HIS  
15 PERMIT, AND THAT HAD IT NOT BEEN FOR SOME SERIOUS  
16 NEGOTIATIONS THAT WENT ON THAT TIME, I THINK WE  
17 WOULD HAVE DONE IT. I THOUGHT WE ENTERED INTO  
18 WHAT WE THOUGHT WAS A GOOD FAITH EFFORT. AND NOW  
19 HERE WE ARE AT THE END OF THIS YEAR WITH WHAT  
20 DOES

20 NOT APPEAR TO HAVE BEEN A GOOD FAITH EFFORT.

21 AND WE LAID OUT SOME PARAMETERS IN  
22 TERMS OF HOW MANY TIRES SHOULD BE GONE. THAT  
23 HASN'T OCCURRED. THE INSURANCE POLICY WAS  
LAPSED.

24 THE CASH TRUST FUND HAS NOT BEEN KEPT AT WHAT



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IT'S

25 SUPPOSED TO BE, AND WE ALWAYS COME TO THE BRINK  
TO

1 GET THAT FILLED. IT DOES MAKE US FEEL THAT WE  
2 HAVE NOT BEEN DEALT WITH IN A GOOD FAITH MANNER.

3 BOARD MEMBER RELIS: THEN YOU ARE SAYING  
4 NEXT WEEK, WHICH PRESUMABLY IS AFTER OUR  
5 DISCUSSION, AFTER OUR DELIBERATION. WE'RE GOING  
6 TO RECEIVE SOMETHING THAT'S GOING TO PUT ALL WELL.  
7 THAT'S AN IMPOSSIBLE SITUATION TO PUT THE BOARD  
8 IN.

9 MR. KIRKLAND: I GUESS WHAT I COULD SAY  
10 IS IF YOU COULD LET US -- I GUESS THE PROOF IS IN  
11 SEEING IF WE PUT UP ANY MONEY, ANY MORE MONEY.  
12 SEEING IF WE PUT OUR MONEY WHERE OUR MOUTH IS.

13 CHAIRMAN PENNINGTON: I APPRECIATE THAT,  
14 BUT, MR. KIRKLAND, YOU OWE MELP, YOU'RE SHORT ON  
15 THE FINANCIAL CLOSURE PLAN. I MEAN IT DOESN'T  
16 MAKE US FEEL VERY CONFIDENT THAT YOU'VE WRITTEN A  
17 CHECK AND NEXT MONTH YOU GOT TO WRITE A CHECK.  
18 AND WE -- WE'RE NOT CONFIDENT THAT YOU ARE GOING  
19 TO WRITE THE CHECK NEXT MONTH.

20 MR. KIRKLAND: I APPRECIATE THAT, MR.  
21 PENNINGTON; BUT BY THE SAME TOKEN, I'VE WRITTEN A  
22 LOT OF CHECKS FOR THIS. AND WE HAVE -- YOU KNOW,  
23 IT'S BEEN A VERY DIFFICULT THING TO SPEND CLOSE TO  
24 \$30,000 A MONTH ON FINANCIAL ASSURANCES OVER THE  
25 PAST YEAR. AND...

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1                   CHAIRMAN PENNINGTON:    BUT YOU AGREED TO  
2   THOSE.   WE SAT AND NEGOTIATED THAT A YEAR AGO, AND  
3   YOU AGREED TO THAT.

4                   MR. KIRKLAND:    AND I HAVE MADE -- AND I  
5   HAVE MADE IT -- TECHNICALLY WE'RE MORE THAN WHOLE.  
6   WE HAVE AN INSURANCE POLICY.   WE KEPT THAT ON  
7   THERE.   I MEAN I'VE BEEN STRUGGLING.   THIS HAS NOT  
8   BEEN EASY.   I'VE GOT TO TELL YOU THIS HAS BEEN A  
9   VERY DIFFICULT, DIFFICULT PROBLEM THAT I'VE TAKEN  
10  ON HERE.   BUT AT THE SAME TIME, I'M HERE.   I KEEP  
11  TRYING.   WE'VE GOT -- WITH ME YOU'VE GOT A VERY --  
12  YOU'VE GOT AN EXPENSIVE POLLUTION INSURANCE POLICY  
13  ON THIS PILE AS LONG AS I'M IN THERE.   YOU'VE GOT  
14  OUR FINANCIAL ASSURANCES THAT ARE STILL ON THERE.  
15  YOU'VE GOT -- THE PILE IS BEING DRAWN DOWN  
16  RAPIDLY.

17                   AND WE'RE WILLING -- YOU KNOW, I  
18  UNDERSTAND YOUR SKEPTICISM, BUT, YOU KNOW, BY THE  
19  SAME TOKEN, I'VE BEEN IN A BUSINESS WITH A LOT OF  
20  REGULATIONS AND REQUIRED MONIES FROM THERE.   I'VE  
21  BEEN IN A POSITION WITH MELP WHERE WE'VE NOT HAD A  
22  LOT OF GOOD FAITH TALKS BETWEEN US.   THEY'VE NOT  
23  BEEN WILLING TO NEGOTIATE WITH ME PRIOR TO THIS.  
24  YOU KNOW, IT'S A DIFFICULT SITUATION ALL AROUND.  
25  I HOPE YOU WILL APPRECIATE THAT IF I WERE TRYING

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1 TO JUST MAKE A PROFIT AND RUN OUT, I WOULD HAVE  
2 DONE THAT A LONG TIME AGO.

3 BUT I THINK WE HAVE -- WE HAVE  
4 ACTUAL SOLUTIONS TO THIS PROBLEM. WE HAVE THE  
5 FINANCIAL ABILITY TO MEET THEM. AND I'M NOT  
6 ASKING -- I'M NOT ASKING YOU GIVE ME A PERMIT THAT  
7 ALLOWS ME TO CONTINUE TO BRING TIRES IN THERE.  
8 I'M SAYING WE AGREE THAT WE NEVER TAKE TIRES IN  
9 THERE AS LONG AS THERE'S A TIRE PILE THERE AND WE  
10 MAKE EVERY EFFORT TO ELIMINATE THAT PILE, FIRST  
11 THROUGH MELP, AND IF THEY SHUT DOWN AND THERE'S  
12 STILL A TIRE PILE THERE, WE STILL HAVE A  
FINANCIAL

13 ASSURANCE IN PLACE TO CONTINUE DEALING WITH THE  
14 PROBLEM.

15 CHAIRMAN PENNINGTON: WHAT IS -- WHAT  
16 IS  
17 YOUR GUARANTEE THAT MELP WILL DEAL WITH YOU?

18 MR. KIRKLAND: AS I SAID, BECAUSE OF  
19 THE  
20 LITIGATION THAT'S ONGOING, PROBABLY BETTER IF I  
21 ADDRESS THAT WITH YOU PRIVATELY.

22 CHAIRMAN PENNINGTON: I NEED TO TELL  
YOU  
21 YOU CAN'T TALK TO US PRIVATELY. THE LAW WON'T  
22 ALLOW THAT.

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23                   MR. KIRKLAND:   I MEANT PERHAPS MAYBE  
EACH

24       BOARD MEMBER.

25                   BOARD MEMBER JONES:   MR. CHAIRMAN.

1 CHAIRMAN PENNINGTON: YES, MR. JONES.

2 BOARD MEMBER JONES: CAN I ASK A COUPLE  
3 QUESTIONS? I'M NOT -- I WANT TO ASK THESE  
4 QUESTIONS JUST FOR MY OWN CLARITY. I'M NOT -- I  
5 DON'T WANT TO LEAD YOU DOWN A ROAD WHERE THIS --  
6 THAT THIS IS WHERE MY THINKING IS GOING.

7 YOU'VE BROUGHT UP SOME ISSUES,  
8 YOU'VE PUT US IN A POSITION WHERE WE'RE LOOKING  
AT  
9 MORE OPTIONS. IF, AND THIS IS ONLY AN IF, THIS  
10 REVOCATION HEARING WAS PUT OVER FOR -- OR  
11 CONTINUED FOR TEN DAYS OR WHATEVER, WOULD THE  
12 INSURANCE POLICY FOR A MILLION DOLLARS BE INTACT?  
13 WOULD WE END UP WITH A CERTIFICATE WITHIN THE  
NEXT  
14 COUPLE OF DAYS?

15 MR. KIRKLAND: YES, SIR.

16 BOARD MEMBER JONES: FOR A MILLION  
BUCKS?

17 MR. KIRKLAND: YES, SIR.

18 BOARD MEMBER JONES: KNOWING THAT  
THERE'S

19 A POTENTIAL THAT YOU ARE GOING TO HAVE THIS THING  
20 REVOKE.

21 MR. KIRKLAND: AS I SAID, MR. JONES,  
I'VE



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22 WRITTEN A CHECK.

23 BOARD MEMBER JONES: SECOND QUESTION.

IF

24 THAT INSURANCE POLICY IS IN PLACE, THE BOND FOR  
25 \$500,000, WE HAVE TO AGREE TO RELIEVE YOU OF  
THAT.

1 I'M NOT SAYING THAT WE COULD DO THAT. I'M SAYING  
2 THAT FOR THIS NEXT TEN OR, YOU KNOW, TWELVE DAYS,  
3 IF IT WERE TO OCCUR, DOES THAT FIVE HUNDRED --  
4 COULD THAT 500,000 STAY INTACT AS WELL AS THE  
5 242,000 SO THAT NOW THE STAKE IN CLOSURE IS NOT A  
6 MILLION THREE OR WHATEVER THE NUMBER IS. IT'S A  
7 MILLION SEVEN, MILLION EIGHT THAT IS AT RISK HERE.  
8 DOES THAT --

9 MR. KIRKLAND: I WOULD SAY --

10 BOARD MEMBER JONES: IF YOU WERE -- WHAT  
11 I'M ASKING IS YOU'RE ASKING US THE TIME TO BE ABLE  
12 TO PRESENT A PLAN TO US. I'M ASKING YOU IF YOU  
13 WALK IN IN A FEW DAYS WITH A CERTIFICATE THAT IS  
14 ACCEPTABLE TO THE BOARD, IF THE \$500,000 BOND THAT  
15 IS STILL IN PLACE, AND \$232,000 IN THE TRUST FUND,  
16 THAT THOSE THINGS STAY IN PLACE THROUGH THAT  
17 IMAGINARY PERIOD OF TIME WHILE YOU BRING FORWARD  
18 THIS PLAN, IS THAT A -- ARE YOU WILLING, FOR MY  
19 OWN INFORMATION, ARE YOU WILLING TO BET THE RANCH  
20 LIKE THAT, GIVING US THE TIME TO LOOK AT THIS  
21 OTHER PLAN?

22 MR. KIRKLAND: I'D SAY YOU WILL HAVE THE  
23 MILLION 70,000, YOU WILL HAVE 230,000, AND LET'S  
24 SAY I'M NOT IN A BIG HURRY TO INFORM CMS TO  
25 REQUEST THAT THEY TAKE THEIR BOND OFF. SO THE

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1       ANSWER IS, YES, I'D GO FOR 30 DAYS BEFORE I  
2       REQUESTED THAT THAT BE REPLACED.

3               BOARD MEMBER JONES:    THAT ALL THOSE WOULD  
4       BE IN PLACE WHILE YOU GAVE US TIME TO LOOK AT THIS  
5       NEW PLAN?

6               MR. KIRKLAND:    BUT AT THE SAME TIME I'D  
7       LIKE IT TO BE CLEAR THAT IF WE ARE WITHIN OUR  
8       COVERAGES, AND WE'RE NOT SAYING THAT, YES, WE'RE  
9       WILLING TO COMMIT TO, YOU KNOW, FOR THE REST OF  
10      THE TERM A \$1.8 MILLION COVERAGE, BUT, YOU KNOW,  
11      DURING THIS PERIOD I'D BE WILLING TO LEAVE  
12      EVERYTHING IN PLACE.

13              BOARD MEMBER JONES:   RIGHT NOW YOU'VE GOT  
14      A MILLION -- YOU'VE GOT 500,000, 500,000, 232,000.  
15      THAT'S AT RISK RIGHT NOW IF WE REVOKE THIS PERMIT  
16      NOW AND GO INTO CLOSURE.   THAT'S AT RISK.   YOU ARE  
17      ASKING US TO LOOK AT A PLAN THAT WE HAVEN'T SEEN.  
18      AND I AM SURE THAT THERE ARE PEOPLE THAT ARE  
19      TALKING ABOUT HOW THEY'RE DOING.   I'M NOT  
20      DISPUTING THAT.   I'M JUST NOT AWARE WHAT IT IS.

21              AND I'M SAYING WHY SHOULD WE  
22      POSTPONE THIS BECAUSE WE DON'T JUST HAVE FINANCIAL  
23      ISSUES.   WE'VE GOT THE OTHER ISSUES THAT ARE STILL  
24      OUT THERE THAT ARE STILL JUST DRIVING THIS JUST  
25      AS, YOU KNOW, HARD AS ANYTHING ELSE.   YOU ARE

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1 ASKING US THAT YOU NEED TO BE ABLE TO PRESENT SOME  
2 THINGS TO US, AND I'M SAYING IN THAT TIME IF THIS  
3 FUND -- IF WE SEE AN INSURANCE POLICY FOR A  
4 MILLION, THAT THE BOND FOR 500,000, THE 232,000  
5 STAY INTACT, THEN, IN FACT, WE'VE TAKEN THE  
6 CLOSURE FUND FROM A MILLION TWO UP OR A MILLION  
7 THREE UP TO A MILLION EIGHT, RIGHT?

8 MR. KIRKLAND: RIGHT.

9 BOARD MEMBER JONES: AND THAT MIGHT BE  
10 WORTH LOOKING AT YOUR PLAN. KNOWING THAT THERE IS  
11 A POTENTIAL THAT IN X AMOUNT OF DAYS, STILL WITHIN  
12 THOSE TIME PERIODS, WE REVOKE THE PERMIT. I MEAN  
13 I'M SPEAKING FOR MYSELF, BUT I WOULDN'T FEEL BAD  
14 KNOWING THERE'S ANOTHER HALF MILLION DOLLARS  
15 SITTING THERE TO HELP US CLOSE THIS THING TO GIVE  
16 YOU A CHANCE TO BRING US THIS AND WE JUST CONTINUE  
17 THIS. I WOULDN'T HAVE A PROBLEM KNOWING THAT  
18 YOU'RE PUTTING HALF A MILLION BUCKS UP THAT ISN'T  
19 GOING ANYWHERE.

20 BUT THEN I JUST CAN'T SEE EXTENDING  
21 FOR MORE PROMISES AND MORE, YOU KNOW, RAINBOW  
22 STUFF WITHOUT THAT. I JUST -- I MEAN THERE'S NO  
23 UPSIDE FOR US. THIS AT LEAST GIVES US A LITTLE  
24 BIT OF REASON TO LOOK, YOU KNOW, TO LISTEN, LOOK  
25 AND LISTEN. I DON'T KNOW. I MEAN I'M JUST

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1 WINGING THIS THING AND I'M NOT SURE THAT ANYBODY  
2 AGREES. MAYBE I BROUGHT SOMETHING UP. YOU KNOW,  
3 JUST TRYING TO WORK SOMETHING OUT.

4 CHAIRMAN PENNINGTON: I THINK THIS WOULD  
5 BE A GOOD POINT, SINCE THERE IS A POSSIBILITY OF  
6 LITIGATION INVOLVED, THAT WE GO INTO A CLOSED  
7 SESSION FOR A FEW MINUTES AND TALK ABOUT OUR LEGAL  
8 QUESTIONS.

9 MR. KIRKLAND: IF I COULD ANSWER MR.  
10 JONES' QUESTION, MR. PENNINGTON. I'D BE WILLING  
11 TO, WITHOUT ADMITTING OR IMPLICITLY OR IMPLYING  
12 THAT WE ARE AGREEING TO A \$1.8 MILLION CLOSURE  
13 POLICY, THAT WE WOULD LEAVE EVERYTHING IN PLACE  
14 DURING THAT PERIOD.

15 BOARD MEMBER JONES: WOULD YOU IMPLY THAT  
16 IF WE LOOKED AT THIS FOR 30 DAYS, THAT THERE WOULD  
17 BE THOSE THINGS INVOLVED? I'M NOT SAYING THAT  
18 WE'RE GOING TO CHANGE IT IN THE LONG TERM. I'M  
19 SAYING THAT THOSE THINGS WOULD ALL BE IN PLACE IF  
20 THERE WAS ANY HOLDOVER.

21 MR. KIRKLAND: THOSE THINGS WOULD ALL BE  
22 IN PLACE.

23 (THE PANEL THEN RECESSED TO CLOSED  
24 SESSION AT 10:50 A.M.)

25 CHAIRMAN PENNINGTON: OKAY. THE SECOND



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1 DAY OF THE JUNE INTEGRATED WASTE MANAGEMENT BOARD  
2 IS BACK IN SESSION.

3 MR. KIRKLAND, DO YOU HAVE ANYTHING  
4 MORE THAT YOU WOULD LIKE TO BRING TO THE ATTENTION  
5 OF THE BOARD?

6 MR. KIRKLAND: NOT THAT I CAN THINK OF  
7 RIGHT NOW UNLESS YOU HAVE ANY OTHER QUESTIONS.

8 CHAIRMAN PENNINGTON: OKAY. I DON'T  
9 THINK WE HAVE ANY MORE QUESTIONS. I DON'T HAVE  
10 ANY SLIPS HERE. IS THERE ANYBODY IN THE AUDIENCE  
11 THAT HAS SOMETHING PERTINENT THAT THEY'D LIKE TO  
12 ADD TO THIS DISCUSSION, THESE PROCEEDINGS?

13 IF NOT, I'M GOING TO MAKE A MOTION,  
14 AND THE MOTION IS THAT THE BOARD REVOKE THE OTR  
15 TIRE FACILITY PERMIT. AND WE'LL ISSUE THE  
16 DECISION AND INITIATE BOARD DIRECTED CLOSURE IN 30  
17 DAYS UNLESS A SATISFACTORY AGREEMENT IS REACHED  
18 BETWEEN THE BOARD AND OTR IN 15 DAYS. THIS  
19 AGREEMENT SHALL PROVIDE FOR OTR'S FINANCIAL  
20 ARRANGEMENTS TO FUND REMEDIATION AND REDUCTION OF  
21 THE TIRE PILE. THAT'S MY MOTION.

22 BOARD MEMBER FRAZEE: SECOND.

23 CHAIRMAN PENNINGTON: MOTION HAS BEEN  
24 MOVED AND SECONDED. ANY FURTHER DISCUSSION FROM  
25 BOARD MEMBERS? IF NOT, THE SECRETARY WILL CALL

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1 THE ROLL.

2 BOARD SECRETARY: BOARD MEMBER CHESBRO.

3 BOARD MEMBER CHESBRO: AYE.

4 BOARD SECRETARY: FRAZEE.

5 BOARD MEMBER FRAZEE: AYE.

6 BOARD SECRETARY: GOTCH.

7 BOARD MEMBER GOTCH: AYE.

8 BOARD SECRETARY: JONES.

9 BOARD MEMBER JONES: AYE.

10 BOARD SECRETARY: RELIS.

11 BOARD MEMBER RELIS: AYE.

12 BOARD SECRETARY: CHAIRMAN PENNINGTON.

13 CHAIRMAN PENNINGTON: AYE. MOTION

14 CARRIES.

15 MR. KIRKLAND, I WILL SUGGEST TO YOU

16 THAT WITHIN THE NEXT 15 DAYS THAT YOU SPEND YOUR

17 TIME NEGOTIATING WITH MR. CHANDLER. I THINK IT

WOULD NOT BE FRUITFUL FOR YOU TO BE CONTACTING THE

BOARD MEMBERS. WE WOULD LIKE MR. CHANDLER TO ACT

AS OUR AGENT. SO THAT'S IT.

IF THERE'S NOTHING FURTHER TO BRING

BEFORE THE BOARD TODAY, WE WILL ADJOURN THIS

HEARING.

(THE BOARD MEETING WAS THEN  
ADJOURNED AT 12:05 P.M.)

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